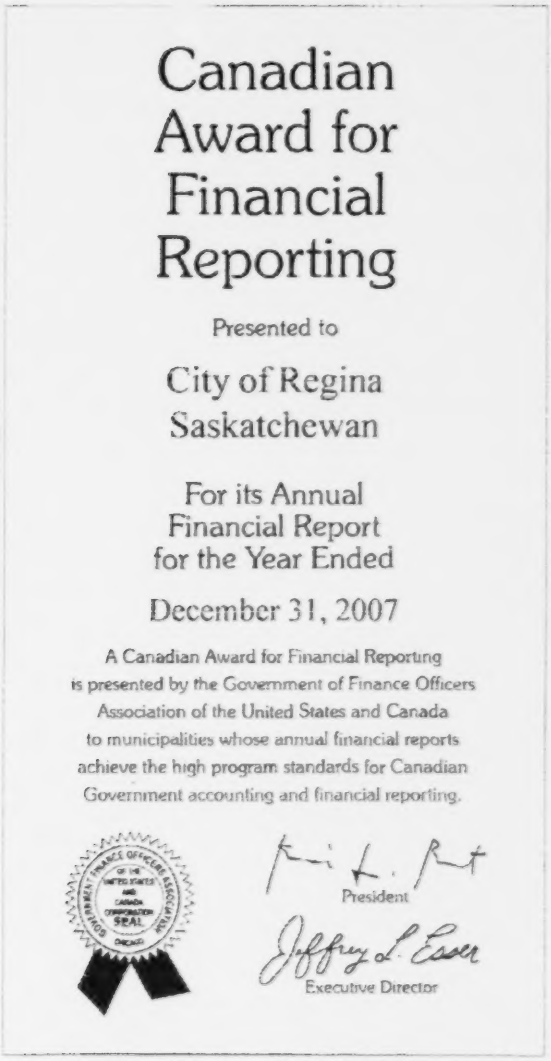
CITY OF REGINA

2008 Annual Report

Year Ended December 31, 2008


Canadian Award for Financial Reporting
Presented to
City of Regina
Saskatchewan
For its Annual Financial Report for the Year Ended
December 31, 2007
A Canadian Award for Financial Reporting is presented by the Government of Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.
President
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Corporation of the City of Regina for its annual financial report for the fiscal year ending December 31, 2007. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to receive the Canadian Award for Financial Reporting, a municipal government must publish an easily readable and efficiently organized annual financial report. The contents of the report must conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

This is the sixteenth time the City of Regina has received an award for its Annual Financial Report.

The 2008 Annual Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.

City of Regina, Saskatchewan, Canada

www.regina.ca

Table of Contents

Introduction

Letter of Transmittal 1
Message from the Mayor 3
Vision, Mission & Values 4
2008 City Highlights 5
City Council 11
City Administration 12

Financial Section

Financial Statement Discussion and Analysis 19

Consolidated Financial Statements

Management's Report 33
Auditors' Report 34
Consolidated Statement of Financial Position 35
Consolidated Statement of Financial Activities and Changes in Net Assets 36
Consolidated Statement of Changes in Financial Position 37
Notes to Consolidated Financial Statements 38
Financial Activities by Organization 60
Consolidated Schedule of Segment Disclosure 62
Change in Components of Net Assets 66

General Trust Fund

Auditors' Report 67
Statement of Financial Position 68
Statement of Revenue, Expenditures and Change in Fund Balance 69
Notes to Financial Statements 70

Related Boards and Authorities 72

Introduction

CITY OF REGINA

June 22, 2009

His Worship, the Mayor
And Members of City Council

I am pleased to submit the City of Regina's Annual Financial Report for the year ended December 31, 2008. The Annual Financial Report is submitted pursuant to Section 155 of *The Cities Act*. The financial report includes consolidated financial statements for the City of Regina reporting entity as required by the Public Sector Accounting Standards Board (PSAB). The purpose of this report is to provide financial, statistical and other information about the City of Regina and related entities to allow readers to gain an understanding of the City and the resources available to the City.

The Annual Financial Report consists of the following sections:

- The introduction familiarizes readers with the strategic focus of Council and its Administration, the political and organizational structure of the City, and the nature and scope of the services provided by the City.

- The Financial Statement Discussion and Analysis section provides additional explanation and trend analysis to provide a broader understanding of the financial statements.

- The financial section includes the Consolidated Financial Statements.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of management of the City of Regina. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Pioneer Village, Regina Regional Economic Development Authority, Buffalo Pound Water Administration Board, Regina Downtown Business Improvement District and Regina's Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte & Touche, LLP to perform an independent audit of the City's 2008 financial statements, and their report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls. The Finance and Administration Committee reviews the external auditor's audit plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, and Utility Operating and Capital) for budgeting and reporting purposes. In the financial statements, segment disclosure is also provided by divisional areas. Based on the consolidated information, the following points are noted for 2008:

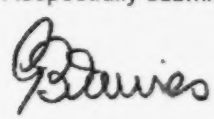
The City (consolidated entity) has net assets of $22.4 million at the end of 2008, a decrease of $2.0 from a net asset position of $24.4 at the end of 2007.

- Total revenues in 2008 were $385.4 million, an increase of about $34.9 million from 2007.
- Total expenditures in 2008 were $386.9 million, an increase of about $63.3 million from 2007.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2008, the City's General Operating Fund ended the year with an operating surplus of approximately $4.9 million. The surplus is determined on a basis consistent with the presentation of the 2008 General Operating Budget and is prior to consolidation and application of the PSAB standards.

The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 16th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its annual financial report for the fiscal year ended December 31, 2007. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

Respectfully submitted,



Glen B. Davies
City Manager

Message from the Mayor

Dear Regina Citizens:

2008 was a year in which the City of Regina truly shone on national and international stages. According to CIBC World Markets, Regina led the nation in economic momentum. The Conference Board of Canada described Regina's economy as "red-hot" with growth of 4.9 percent in 2008, and population growth of 2% as we reached 205,000 people.

What is truly significant is that Regina experienced this growth and opportunity amidst international economic uncertainty. Regina is not insulated from world economic pressure, and so throughout 2008 and looking forwards, we seized opportunity where it arose, and planned for continued growth and development according to our corporate strategic plan, *Accelerating Excellence, 2008-2012.*

Our corporate strategic plan guides us to make City Council's vision for Regina 2020 a reality:

Imagine Regina 2020
Canada's most... Vibrant, Inclusive, Attractive, Sustainable community, where people live in Harmony and Thrive in opportunity.

2008 was a year of great successes. We saw the first activity in the Global Transportation Hub, Consumers' Co-operative Refinery announced Regina's largest ever expansion project and the Piapot First Nation became Regina's first urban reserve.

Elton John played to two sold out crowds, the Riders sold out every home game, and work began on the multi-purpose facility at Evraz Place. We watched the best in women's curling at the Scotties and the best in Canadian comedy at the Canadian Comedy Awards.

Evraz purchased IPSCO and celebrated a $90 million expansion, Canada's newest bus terminal opened and the University opened its $60 million Research and Innovation Centre.

The City fixed more streets, roads and sidewalks than ever before, crime dropped, housing rose, building permits increased for the sixth straight record year. The Regina Symphony Orchestra and the Regina Public Library each turned 100, and the airport welcomed its one millionth passenger.

2008 was truly an incredible year, and we look forward to Accelerating Excellence again in 2009.

Sincerely,

Pat Fiacco
Mayor

Vision, Mission & Values

City Council and the administration are committed to providing a strategic focus for the future of our community. In 2008, the City of Regina rolled out its five-year corporate strategic plan, *Accelerating Excellence 2008-2012*, to determine the path for achieving its mission and vision.

Imagine Regina 2020 Canada's most:

Vibrant, Inclusive, Attractive, Sustainable Community...
Where people live in harmony
And thrive in opportunity.

- **Vibrant:** Young people and creative spirits are inspiring dynamic neighbourhoods and an exciting downtown, all of which feature first-rate facilities for health, wellness and artistic expression.
- **Inclusive:** Our community welcomes people. We live the values of respect and trust and celebrate the strength that comes from our diversity.
- **Attractive:** Residents and visitors choose Regina because it's clean, green, lively, friendly, affordable and fun!
- **Sustainable:** People forge a balance between the economic, social, environmental and cultural dimensions of their decisions by serving as stewards of the resources we share and by demonstrating leadership.
- **Harmony:** Empathy and understanding come from, and lead to, being safe in our homes and neighbourhoods; building strong social networks throughout the community creates synergy and sense of belonging.
- **Thrive:** The entrepreneurial spirit powers Regina as a centre of success where research, innovation and excellence abound.

Our Mission

We aspire to be the best run municipality in Canada providing services that enhance the quality of life.
We serve our community, support the Vision of Council and live our Values.

Our Values

- **Performance Driven & Accountable:** We all demonstrate leadership qualities. We instill a sense of mutual responsibility, open communication and teamwork while being accountable to each other, our community and Council. Our efforts are performance driven and outcome based.
- **Responsive & Respectful:** We cultivate a professional environment by being responsive and respectful in our conduct and interactions. We focus on safety, diversity and mutual respect.
- **Innovative & Creative:** We continuously improve by promoting innovative approaches to our work and how we serve our community and Council. We are creative, purposeful and take measured risks which results in new ways of doing business and being cost effective.
- **Focused on Excellence:** We are results oriented, providing excellent, responsive and accessible service.

2008 City Highlights

In 2008, Regina had a record setting year. According to CIBC World Markets, Regina lead the nation in economic momentum. The following highlights will showcase new and long standing events and projects that keep Regina moving towards a bright and prosperous future:

Fair Value for Property Tax Dollars

- Standard & Poor, the world's foremost source on credit rating, annually reviews the City of Regina's credit rating, and has once again given the City an AA+ rating. The City of Regina has had an AA+ bond rating since 1989, the first time that a credit rating was completed.

- In spring 2008, Council endorsed the City's first Strategic Plan, "Accelerating Excellence 2008-2012". The strategy articulated the City's mission to become the best run Canadian municipality, corporate values and defined four strategic priorities: growth; assets and infrastructure; customer service; and organizational efficiency.

- The City of Regina prepared for the 2009 Reassessment and the assessment roll was updated with values reflective of June 30, 2006. Legislation changed to create a results driven market value mass appraisal system. This included implementing the income approach for commercial and multiple family properties. This change aligns the assessment system with others across Canada and will lead to a more predictable and stable assessment base.

- In the fall of 2008, the City launched a Corporate Customer Service Strategy with a number of initiatives to improve responsiveness to customers. In the upcoming year, the City expects to improve accessibility and engage residents in a more consistent fashion about the matters that are most important to citizens.

- As a result of the Core Services Review, the City has achieved more than $4 million in savings.

Economic Development

- According to a CIBC World Markets report, Regina topped the economic momentum ranking of 24 Canadian cities.

- Regina saw significant development of the Global Transportation Hub (GTH) with the highlight being the announcement of Loblaw Company Ltd.'s decision to invest $350 million into a one million square foot Western Canada distribution centre. Loblaw is expected to hire up to 1,500 employees by 2017. Work has begun on the site and Loblaw is expected to begin operation by mid-2010. The GTH is expected to position the Regina region as a key transportation hub.

- Think Regina hosted its second mission and travelled to Edmonton with more than 40 Regina businesses to promote the Regina region's career, investment and business opportunities.

- The Piapot First Nation's land on the 1100 block of Angus Street became Regina's first urban reserve. A portion of the land is home to the Cree Land Mini Mart.

- The Cowessess First Nation received urban reserve status for six lots in Regina along Albert Street and Angus Street after entering into a municipal services agreement with the City of Regina. Plans for the land include commercial development.

- The Nekaneet First Nation received urban reserve designation in September for their land at 430 McDonald Street.

- A feasibility assessment is underway for Trans Canada Energy's $4-billion polygeneration plant proposed for the Regina region. The plant would require 6,000 person years of construction work and when complete will produce surplus electricity, heat, hydrogen gas, and CO2, which would be sold to SaskPower, a local potash plant, a local nitrogen fertilizer plant, and southeast oilfields.

- Century West Developments announced plans to redevelop the former Superstore building on Albert Street. The $20-million project will include office and retail space.

- Evraz Regina Steel and Tubular (formerly IPSCO Inc.) celebrated the official opening of a $90-million expansion, which increased their large diameter pipe production in Regina by two-thirds and created 100 new jobs.

- John Deere more than doubled its Regina distribution centre.

- iQmetrix announced the acquisition of Work Software Systems of Charlotte, NC, making the Regina-based company the largest wireless retail management systems provider in North America.

- Consumers' Co-operative Refineries Ltd. announced plans for a $1.9-billion expansion project. Expected to be completed in 2012, the project will mean 2,500 jobs during construction.

- STC opened its new $26-million, 70,000 square foot building in downtown Regina. The new building is LEED (Leadership in Energy and Environmental Design) certified and includes improved security and enclosed bus lanes.

- The seven-story, 118-room Wingate Inn opened its doors in early 2008.

- Broad Street Crossing opened in spring 2008 and is home to Canada's largest Tim Horton's.

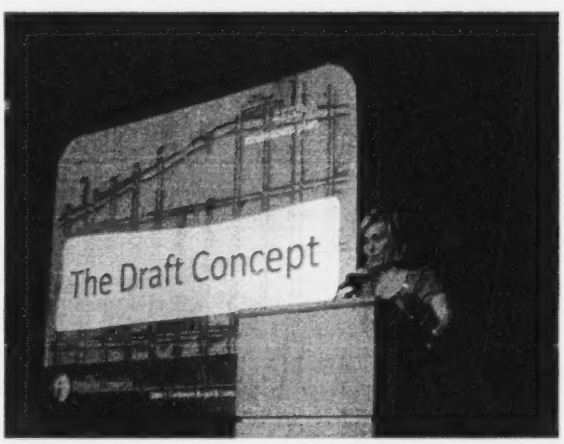
Future Planning, Sustainability and Infrastructure

- The Recreation Facility Strategy to 2020, which included extensive consultation with arts and culture, sport and recreation interests as well as the general public has been completed. This consultant's report along with other information and public consultation will be used to develop a long-range recreation facility master plan. The plan will ensure that existing and new recreation facilities are maintained, renovated and developed in a planned, co-ordinated, prioritized and financially responsible manner. The plan will recognize and support the changing role of municipalities and other sectors in the provision of recreation services; shifting demographics and citizen needs and interests; aging infrastructure; and geographical growth of the city.

- The City is in the midst of a Transit Review. The study is looking at all aspects of the service with the intent of improving to better meet the needs of its current riders and provide travel options for a wider customer base in line with the City's overall strategic direction. The City is involving as many stakeholders as possible in the process. Transit's overall objective is to realign itself to better serve the needs of all Regina residents. The City believes that transit is a key part of the future of Regina as it moves to a more sustainable approach to its design and form. More attention will be focussed on ensuring that transit services meet the needs of its markets – both current and potential – in a cost efficient and effective manner.

- The City of Regina is also reviewing its waste management plan. The purpose of the study is to identify practices and processes to collect, dispose and reduce/divert waste from residential, industrial, commercial and institutional owners. The City also wants to ensure excellent public service at the same time balancing program affordability with public acceptance and expectations. The focus is waste minimization and waste diversion with emphasis on the "5 Rs": refuse, reduce, reuse, renew and recycle.

- In late 2007, the City of Regina engaged a consultant, Office for Urbanism, to facilitate the creation of a comprehensive development plan for the downtown area. After extensive public consultation, a draft concept plan was presented to the City administration for their review. The administration will submit their recommendations to Council in early 2009. The intent is to have a vibrant, sustainable downtown that attracts residents, shoppers, visitors, and businesses.



- The City initiated the first northeast sector study to explore serviceability and transportation planning in this sector. While the study is in its infancy, it will ultimately enable planned future development in the industrial park. The completion of this study will mean that sector planning has been done for all new growth areas of Regina.

- The review process of the Core Neighbourhood Plan continues. The plan guides future land use and development giving the area its 'look and feel'. Consultation included discussions with community residents and organizations, businesses and private sector developers to determine what kind of development, services, improvements were needed for the area as well as how to protect the neighbourhood's heritage characteristics.

Infrastructure

- The City of Regina made its largest investment ever in street, road, and sidewalk infrastructure with the rehabilitation of nearly 26 kilometres of roadway. The improvements were focused on high volume, heavily loaded streets.
    - Arcola Avenue – East Ring Road Ramps to Prince of Wales Drive
    - Albert Street – 23rd Avenue to Hill Avenue
    - Prince of Wales Drive – Victoria Avenue to 7th Avenue
    - Quance Street/University Park Drive
    - 12th Avenue North – Rodenbush Drive (West Intersection) to Winnipeg Street
    - 7th Avenue East – McVeety Drive to Prince of Wales Drive
    - Rochdale Boulevard – McCarthy Boulevard to McIntosh Street
    - Broad Street – 4th Avenue to CNT (N of 1st Avenue)
    - 4th Avenue – Ross Avenue – St. John Street to Winnipeg Street
    - McDonald Street – Ross Avenue to Park Street
    - Wascana Circle - Wascana Gate North to Wascana Vista Court
    - 1st Avenue North – McIntyre Street to Broad Street

- The City of Regina supports the Ministry of Highways and Infrastructure's planned interchange at the intersection of Highway No. 1 and Lewvan Drive. The construction of an interchange will allow the Province to meet its objective of providing for the uninterrupted flow of traffic on Highway No. 1, which will in turn improve safety and reduce delays for all motorists. The project will benefit the development of Harbour Landing, particularly as many rural residents are expected to seek access to the commercial development planned for this new area. City staff have been involved in technical aspects of the project and the City is providing $7 million in funding towards the interchange and other road upgrades associated with the new Global Transportation Hub.

- In December 2009, Evraz Place will open a new multi-purpose facility currently under construction. The main arena seats 1,500 with full dressing rooms and food & beverage service for all arenas making this an attractive facility for tournaments and special events. The facility will play host to the Regina pool 2010 World Junior Hockey Championship games, which will welcome 300,000 attendees to Saskatchewan and contribute $25 million to the provincial economy.

Growth

- Construction began in Harbour Landing, which is expected to become home to some 10,000 residents. This project included adding two new intersections to Lewvan Drive and modifications to the intersection of Lewvan Drive and Gordon Road, as well as water and wastewater infrastructure.

- In the southeast, work began on the Creeks and the Greens on Gardner. Combined, the developments are expected to become home to about 8,000. Work includes construction of water and wastewater infrastructure and a new intersection at Arcola Avenue and Chuka Boulevard. Improvements to Quance Street and University Park Drive were completed to improve traffic flow through one of Regina's busiest commercial corridors.

- Development continued in the north, with additions to the Fairways West, Mapleridge, and Lakeridge neighbourhoods. One of the key improvements is the new intersection of Junor Drive at Pasqua Street.

- Construction began on two prominent in-fill sites. The former Qu'Appelle Dioceses site, now Canterbury Park, will combine the site's heritage features with modern homes and retail space in Regina's first-ever architecturally controlled district. Evans Court on 23rd Avenue also began construction in 2008, providing a range of new housing choices near Wascana Park.

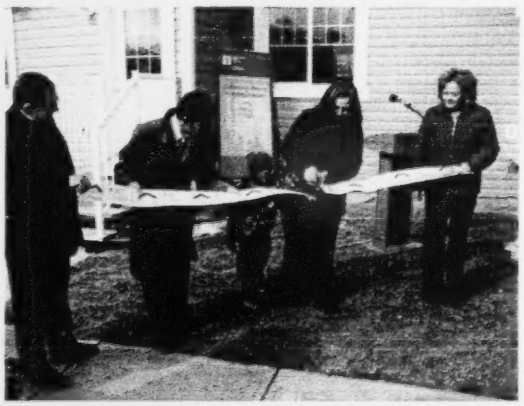
- According to the Association of Regina Realtors, despite a decrease from record-setting pace in 2007, housing sales in Regina remained solid. There were 2,812 homes sold in Regina during 2008 down 17% from 2007. Sales volume was up 15% to an all-time high of $675.2 million. The average price of a home in Regina increased 38% to $240,104.

- Preliminary Housing Start Data released by CMHC indicates that Regina's year-to-date total housing starts for the period ending in November were 1,323 down slightly from 2007. Single detached housing starts increased by 10 percent during the same period.

- According to the Conference Board of Canada, Regina's annual housing starts will cool to a still high annual average of 840 units during the 2009 to 2012 period.

Affordable Housing

- In spite of it not being part of its mandate, the City of Regina has made a decision to support affordable housing initiatives, with its limited resources, in a number of areas.
    - The City of Regina currently provides more than $1 million per year in tax exemptions to promote housing development in the inner city and downtown areas.
    - In 2009, more than 400 units will receive a five-year tax exemption under the Inner City Housing Stimulation Strategy (ICHSS).



- Maple Leaf Estates opened phase one of its development bringing home ownership within reach for 29 low- or moderate-income Regina families. The City of Regina provided a five-year tax exemption to families moving into Maple Leaf Estates. Officials broke ground on phase two, which will create 53 more units.

- Harbour House opened its 30-unit $2.4 million affordable housing project in North Central Regina.

Celebrating Community

- The first annual I Love Regina Run welcomed more than 400 walkers, runners and wheelers. The run's goal was to promote healthy lifestyles and celebrate civic pride. A guest appearance by 11-time ironman champion Lisa Bentley added special motivation for participants. The Regina Inner City Family Foundation received $6,500 from the run proceeds.

- As part of its 100th anniversary celebration, the Regina Public Library held the Mayor's Mega Minute Reading Challenge. The Mayor challenged Regina's elementary school children in both the public and separate school systems to collectively read for millions of minutes within a four-week period. Regina students read for a total of 10,015,488 minutes.

- Hope's Home opened its expanded day care facility for medically fragile children in Regina. It is the first medical daycare of its kind in Canada.

- Regina will be part of the Olympic Torch's more than 45,000-kilometre tour of Canada. The 106-day relay will begin in Victoria on Oct. 30, 2009 and arrive in Vancouver on Feb. 12, 2010 after visiting more than 1,000 communities.

City Council

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are elected every three years in a municipal election. The next election is Wednesday, October 28, 2009. The Mayor is elected at large. The City of Regina uses a ward system for electing Councillors, with the city divided into ten wards and one Councillor elected in each ward. City Council's primary responsibility is to provide policy direction for the operation of the City. Council also sets the long-range service goals, and approves operating and capital budgets.

The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's official signing officers. City Council members for the 2006-2009 term are shown below.

Top Row (left to right):
Mike O'Donnell, Ward 8
Louis Browne, Ward 1
Fred Clipsham, Ward 3

Second Row *(left to right):*
Wade Murray, Ward 6
Jocelyn Hutchinson, Ward 2
Terry Hincks, Ward 9

Centre:
Sharron Bryce, Ward 7

Third Row *(left to right):*
Michael Fougere, Ward 4
Jerry Flegel, Ward 10
Bill Gray, Ward 5

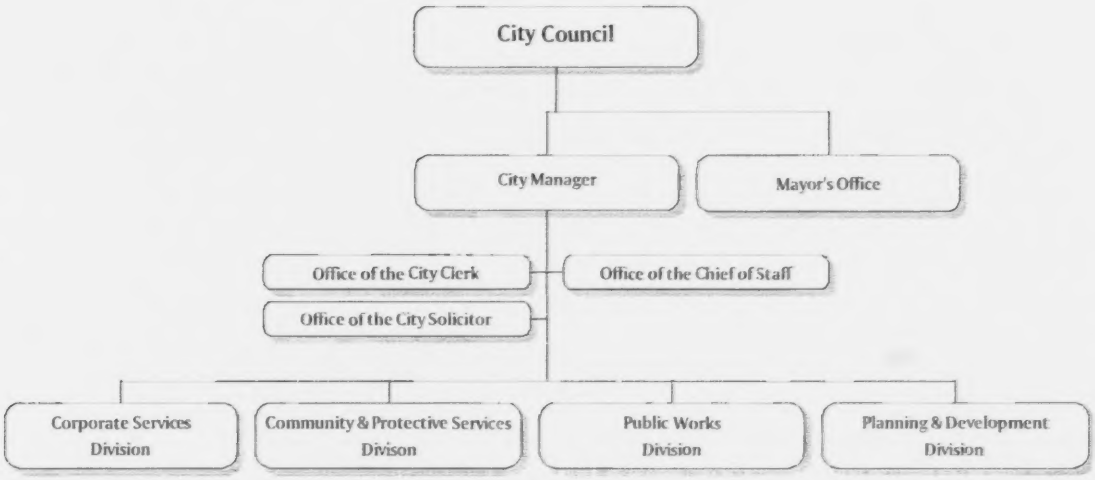
Front Row:
Mayor Pat Fiacco

City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 2003-70 outlines the responsibilities, accountabilities, and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective, and efficient manner.

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration, and operation of the Police Service, the maintenance of law and order within the municipality, and discipline within the Police Service. The annual Police budget must be approved by City Council.

City of Regina Organizational Structure



Office of the City Manager

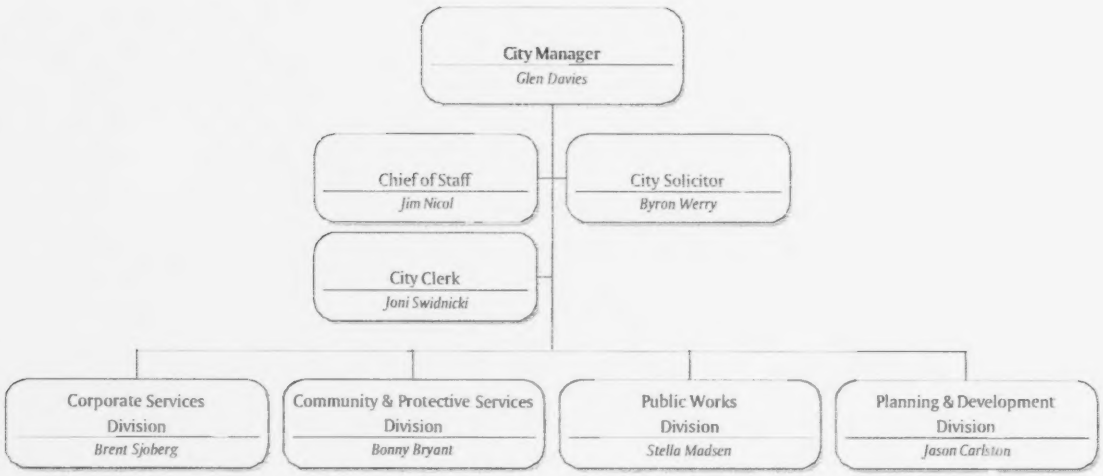
The management of the civic administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69. The City Manager is responsible to City Council for the efficient and effective operation of the City in accordance with City Council policies, decisions and bylaws. The City Manager provides executive direction, strategic guidance and governance support on matters of municipal governance, strategy and protocol, and ensures the City operates according to legislative requirements.

The Office of the City Manager also includes the following branches reporting to the Chief of Staff: Communications, Government Relations, Quality and Innovation, Service Regina and Strategic Planning and performance.

Major accomplishments for 2008 include:

- The City of Regina enrolled in the NQI Certification Process, and achieved level 1 of 5 in 2008. The NQI Certification is just one of the ways the City of Regina will benchmark its progress on the path to achieving its mission.
- Service Regina launched the Corporate Customer Service Strategy in the fall of 2008, communicating the corporate-wide customer service training that would be rolling out to all staff in 2009.
- In 2008, the City of Regina rolled out its Corporate Strategic Plan: Accelerating Excellence, 2008-2012, and completed its first round of divisional business plans which align with the corporate plan.

Office of the City Manager



Community & Protective Services Division

Community & Protective Services is dedicated to engaging and supporting the citizens of Regina. The department contributes to building a safe, healthy and caring community by providing fire and protective services, parks and open space services, community, recreation and cultural programs and services and, public transportation services that respond to the community's needs and expectations. Highlights from 2008 include:

- Emphasis on First Nations and inner city residents continued in 2008. A highlight was the first annual First Nations and Métis awareness night organized in partnership with the City of Regina, Regina Pats Hockey Club, Federation of Saskatchewan Indian Nations, File Hills Qu'Appelle Tribal Council, and Métis Nation of Saskatchewan. This event raised $3,000 to support the Oskana Minor Hockey Development League.

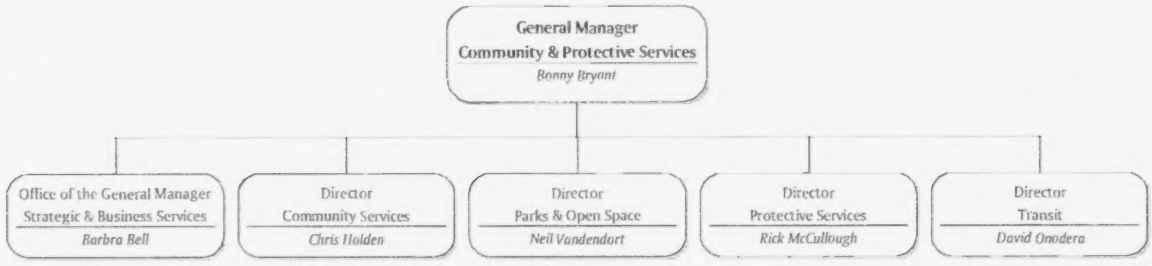
- In response to customer feedback, the City implemented an e-registration service to enable citizens to register for sport, culture and recreation programs on-line. In addition to providing customers with a quick, easy, and convenient choice for registrations, the on-line service has also had a positive impact on the in-person and telephone registration options, increasing capacity to provide increased levels of customer service with existing resources. The service has been well-received by customers and has contributed to an increase in program registrations of 14% in 2008.

- In 2008, Transit's bus fleet travelled just over 5,200,000 kilometres and the Paratransit fleet 1,200,000 kilometres.

- The City of Regina was able to continue modernizing its conventional bus fleet. Thanks to the Federal Transit Grant Program, eight low entry step, more fuel efficient and reduced exhaust emission buses were purchased. The Transit fleet totals 105 buses operated by 173 operators on 16 routes.

- An exciting pilot project was the "Campus Express", which is meeting a public request to provide transportation for students, staff and visitors from various parts of the city to the University of Regina, First Nations University, and SIAST.

Community & Protective Services Division



Corporate Services Division

Created in 2007, the Corporate Services Division provides services and support to both internal and external customers; enabling City operations to maximize effectiveness and potential. The Corporate Services team includes: Financial Services, Information Technology Services, Human Resources, Fleet Services and Facilities Management Services. Highlights from 2008 include:

- The City of Regina, its five bargaining units, and First Nations and Métis Relations partnered to sign an Aboriginal Employment Development Program agreement, which will help the City move forward to having a more representative workforce. The agreement puts in place specific action plans, goals, objectives and measurement tools.

- The Regina Airport Authority, in partnership with the City of Regina, engaged Hara Associates to review and develop a report and make recommendations on the current state of ground transportation at the airport to ensure users' experience is positive and streamlined. The City of Regina is committed to providing a strong first impression for both visitors and business travellers. This report will provide a basis for improving airport ground transportation to meet both current and future needs.

- GreenFleet is an initiative to minimize the negative environmental impacts of the City's vehicle and equipment fleet. The GreenFleet Report made 13 recommendations to reduce the environmental impacts relating to the management, operation, and maintenance of the fleet. Full implementation of the recommendations will reduce the emission of greenhouse gases by more than 20%.

- Henry Baker Hall and adjacent meeting rooms underwent extensive renovations to make the Council Chamber more citizen and environmentally friendly. Upgrades include improved accessibility, new sound system, energy efficient lighting, and water-reduced fixtures. Council members now face the public.

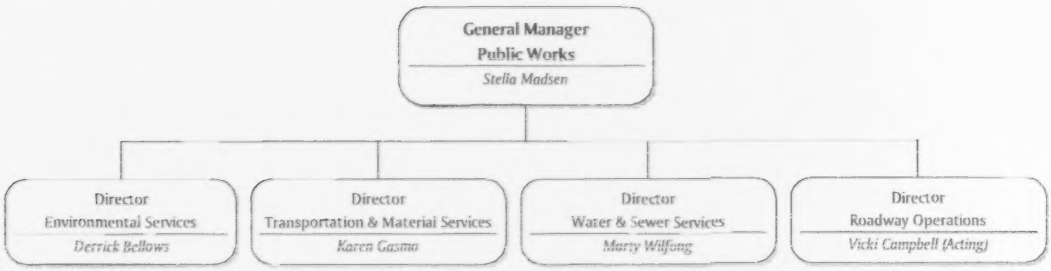
Corporate Services Division

Public Works Division

The Public Works Division ensures the City's municipal infrastructure systems are effectively preserved, funded and operated. This division is dedicated to implementing best practices that advance safety, consistency, efficiency, reliability and customer service. Specifically, preserving and operating municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs.

- The winter of 2007-08 saw the first implementation of the new Winter Maintenance Policy. The City is monitoring the new policy to ensure streets are safe and accessible during the winter.
- Public Works continues to focus on safety and reported an 80% decrease in Lost Time Accident Frequency Rate. Roadways operations reduced the number of work-related injuries by 25% and the Wastewater Treatment Plant celebrated 1,000 days without a time loss injury.
- The City engaged consultants in 2008 to conduct the required Environmental Impact Assessment of the landfill expansion project. The completed Environmental Impact Statement will be filed with the Ministry of Environment in early 2009. Pending Provincial approval, it is expected engineering will begin in 2009 for Phase 1, which is estimated to cost $10 million.
- The City will be inviting proposals from consulting firms during the first half of 2009 to begin the engineering phase of the Wastewater Treatment Plant Upgrade. The project is currently estimated at $130 million.

Public Works Division



Planning and Development Division

Planning and Development provides a long-term comprehensive approach to planning, engineering and development processes to ensure the efficient use of land and community infrastructure in creating a city that reflects Council's Vision and the goals of Regina residents. Specifically, the Division encompasses land use, neighbourhood, transportation and infrastructure planning, long-range capital planning, development review, building permits and inspection and real estate services. Highlights from 2008 include:

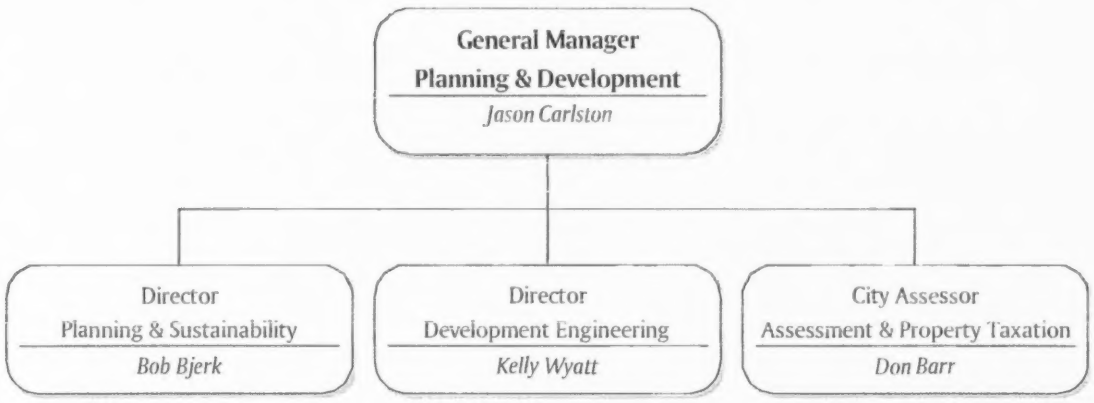
- Planning and Development continue to work on FCM's Quality of Life Reporting System with 23 other municipal and regional governments. Reports on Housing and Immigration are forthcoming in 2009. These reports support FCM policy development and are used to influence Federal government policy.

- It was another record breaking year for building activity in Regina in 2008. The City issued 2,387 permits valued at more than $342 million, which is just over 1% higher than the previous record set in 2007. Large-scale building projects include a $24 million alternation to the Regina General Hospital, $14.5 million dormitories at the RCMP Training Academy, and $14 million generator installation for SaskTel.

- Major developments overseen include the University's Research and Innovation Centre, the Saskatchewan Disease Control Laboratory, the Holiday Inn Express, as well as the recently opened STC Bus Terminal.

- More than 400 commercial permits were reviewed in 2008.

Planning and Development Division



Regina Police Services

The City of Regina, pursuant to *The Police Act, 1990*, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration and operation of the Service, the maintenance of law and order within the municipality, and discipline within the organization. The annual police budget must be approved by City Council.

Highlights from 2008 include:

- Year-to-date crime statistics show personal crime is down 3.3% and property crime is down 6.7% for the period ending November 2008. Crime rates are at their lowest for more than a decade.

- Chief Troy Hagen was sworn in as Regina's 17th police chief in May replacing retiring Chief Cal Johnston.

- The Regina Police Service created the Central district to better serve the areas of North Central, the Core, and Downtown. Resources are now more efficiently deployed to address crime and traffic concerns in the inner city. Regina was previously served by the North and South districts, which divided the city at the CP mainline.

Our Future

The City of Regina is poised to experience continued growth and opportunity in 2009. The Conference Board of Canada has forecast Regina's real GDP growth for 2009 to be 3.2 %. The City of Regina has a clear vision for community growth, and the corporate strategic plan, Accelerating Excellence, will guide the City to continue to make Council's vision for Regina 2020 a reality.

In 2009, the City received $25.9 million from the Provincial Government's Municipal Operating Grant, which provides Saskatchewan municipalities with 90% of one point of the PST. Because property taxes do not grow with our economy, this PST-based grant will help the City to keep pace with Regina's growing economy in 2009.

Through five areas of investment, the City of Regina will build Council's vision for Regina in 2009:

1. Managing growth and sustainability
2. Delivering City services
3. Building the City
4. Providing value for tax dollars
5. Becoming the best run municipality

This focus will ensure the City of Regina continues to provide quality services to our community. The financial information contained within this report is intended to help City Council and the citizens of Regina evaluate the stewardship of the City's financial assets. As the Corporate Strategic Plan is implemented, additional performance measures are being developed to measure progress towards the implementation of the plan and City Council's vision.

Financial Statement Discussion and Analysis

Financial Statement Discussion and Analysis

Introduction

The City of Regina 2008 Annual Financial report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, as required by *The Cities Act*.

The following financial statement discussion and analysis (FSD&A) was prepared by the City of Regina Administration. It should be read in conjunction with the audited consolidated financial statements and schedules.

Highlights

The 2008 Consolidated Financial Statements report an excess of expenditures over revenues of $1.5 million compared to revenues over expenditures of $26.9 million in 2007. This difference primarily reflects significant capital expenditures related to the Evraz Place Revitalization project and infrastructure costs for Harbour Landing. The Net Asset position of the City declined from $24.4 million at the end of 2007 to $22.4 million at December 31, 2008.

Revenues increased by $34.9 million, while total expenditures increased by $63.3 million from the prior year. Other highlights include:

- Long-term debt, including Utility debt, decreased by $7.5 million during 2008, from $43.3 million to $35.8 million.
- The City's General Fund Reserve remained virtually unchanged decreasing by $0.2 million.

Demographic and Economic Information

	2008	2007	2006	2005	2004
Population (Census Metropolitan area)	205,000	201,500	195,000	192,800	191,400
Building Permits					
Number	2,387	2,175	1,919	1,670	1,776
Value ($000's)	342,829	336,107	276,928	241,529	218,674
Urban Dwelling Starts	1,138	1,114	970	1,060	1,206
Inflation Rate for Regina (%)	3.2%	2.6%	1.9%	2.1%	2.2%
Unemployment Rate (%)					
Saskatchewan	4.1%	4.2%	4.3%	5.1%	5.3%
Canada	6.1%	6.0%	6.3%	6.8%	7.2%
Average Selling Price of Homes	$229,000	$166,000	$132,000	$124,000	$112,000

Analysis

Revenues – Budget to Actual and Prior Year Comparison

For the year ended December 31
(in thousands of dollars)

	2008 Budget	2008 Actual	Variance Favourable (Unfavourable)	2007 Actual	Increase (Decrease)
Taxation	141,944	146,543	4,599	139,263	7,280
Fees and Charges	98,785	106,167	7,382	96,643	9,524
Government Transfers	57,728	70,526	12,798	55,369	15,157
Electrical Distribution	24,600	25,429	829	25,378	51
Licenses, Fines & Levies	8,703	9,328	625	8,441	887
Gas Distribution	8,401	9,316	915	8,449	867
Interest and Penalties	6,371	7,257	886	7,003	254
Servicing Agreement Fees	23,883	3,899	(19,984)	5,670	(1,771)
Land Sales	3,000	4,824	1,824	2,337	2,487
Other	4,698	2,127	(2,571)	2,000	127
Total	378,113	385,416	7,303	350,553	34,863

Taxation Revenue for 2008 was 3.2% percent above budget primarily because of more new construction than expected in 2008. Taxation revenue for 2008 was higher than 2007 by $7.3 million, or 5.2% due to a mill rate increase and some growth in assessment value due to new construction and development in 2008.

Fees and Charges were about $7.4 million or 7.5% over budget primarily because of higher consumption than anticipated for utility revenues, as well as building permit fees. The increase over 2007 is primarily due to a 9% increase in utility rates required to fund future capital needs.

Government Transfers were $12.8 million over budget due mainly to funding of $4.8 million from the Federal Government and $4.0 million from the Provincial Government to fund the Evraz Place Revitalization project. This funding is not included in the 2008 budget.

Service Agreement Fees were $20.0 million or 83.7% lower than budget as a result of the timing of development related expenditures.

Expenditures – Budget to Actual and Prior Year Comparison

	2008 Budget	2008 Actual	Variance Favourable (Unfavourable)	2007 Actual	Increase (Decrease)
Parks, Recreation and Community Services	79,878	79,305	573	76,924	2,381
Police	53,668	52,503	1,165	48,492	4,011
Legislative and Administrative Services	60,165	56,077	4,088	44,104	11,973
Water, Wastewater and Drainage	80,670	57,670	23,000	39,415	18,255
Roads and Traffic	41,462	44,973	(3,511)	40,976	3,997
Fire	29,679	28,725	954	26,905	1,820
Transit	26,247	28,575	(2,328)	24,602	3,973
Waste Collection and Disposal	9,993	13,432	(3,439)	11,998	1,434
Grants	24,353	17,016	7,337	4,404	12,612
Planning and Development	7,861	8,658	(797)	5,863	2,795
Total	413,976	386,934	27,042	323,683	63,251

The schedule above includes both operating and capital expenditures.

For purposes of establishing and monitoring budgets, operating, capital and utility expenditures are considered separately. Overall, the general operating fund expenditures were over budget by just over 2%. The largest variance was in roadways operations for the snow dump remediation.

There is generally more variability in actuals to budget for capital projects. City Council approves budget funds for each capital project based on the maximum forecast expenditure for the year to accommodate the planning and scheduling requirements associated with capital projects. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year. At the end of 2008, the carry-forward amount available in the general capital and utility capital funds was $67,117 (2007 - $53,127).

General Capital Fund – Budget and Actual Comparison

For the year ended December 31
(in thousands of dollars)

	Budget 2008	Actual 2008	Actual 2007	Actual 2006	Actual 2005	Actual 2004
Revenues						
Government transfers						
Federal	9,245	16,903	10,981	6,100	2,200	745
Provincial		4,724	189	4,403	220	2,261
Developer Contributions	4,574	2,449	3,885	2,713	3,814	3,232
Miscellaneous Revenues	2,371	2,064	2,062	1,232	3,900	2,057
	16,190	26,140	17,117	14,448	10,134	8,295
Expenditures	74,445	64,126	40,214	42,137	32,461	48,729
Net Expenditures	(58,255)	(37,986)	(23,097)	(27,689)	(22,327)	(40,434)

Actual revenues only reflect the funding that is spent in the year referred to. Additional funding may be available for future years.

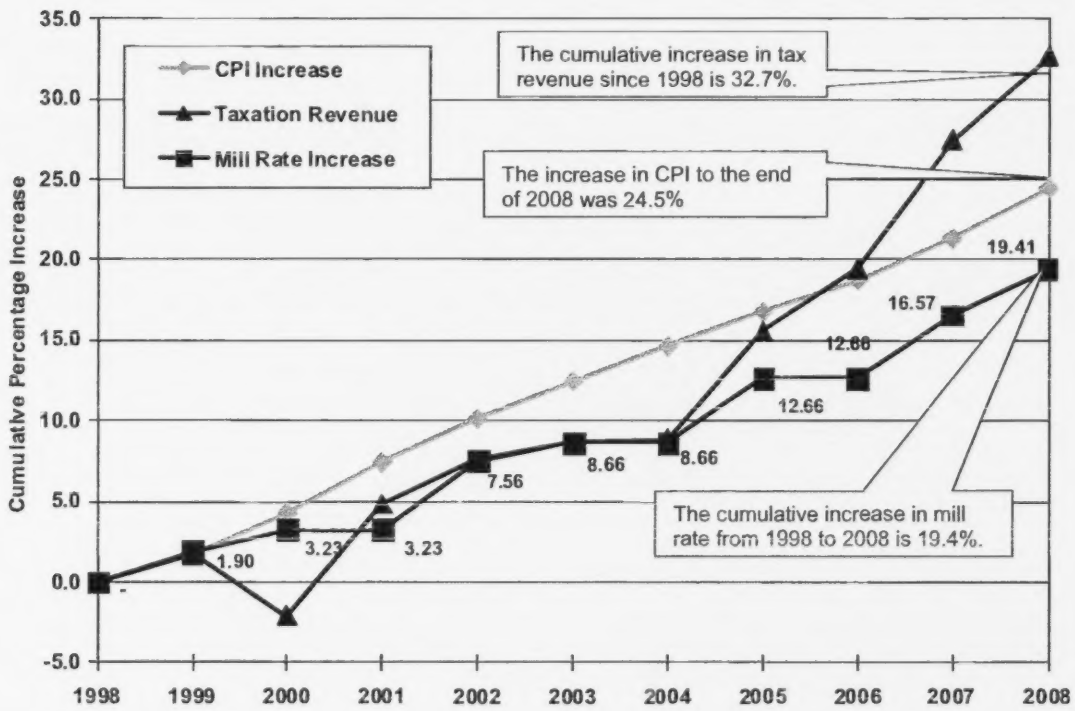
Significant Trends

Revenue Summary
(in thousands of dollars)

	2008	2007	2006	2005	2004
Taxation	146,543	139,263	128,936	124,242	116,399
Fees and Charges	106,167	96,643	92,672	77,964	76,715
Government Transfers	70,526	55,369	50,515	19,684	18,538
Electrical Distribution	25,429	25,378	23,904	22,123	20,760
Licenses, Fines and Levies	9,328	8,441	8,724	9,659	7,911
Gas Distribution	9,316	8,449	8,710	9,431	8,838
Interest and Penalties	7,257	7,003	6,470	6,392	6,101
Development Charges	3,899	5,670	3,970	5,292	4,688
Land Sales	4,824	2,337	3,257	1,107	1,206
Other	2,127	2,000	1,048	2,891	2,797
Total	385,416	350,553	328,206	278,785	263,953

Taxation Revenue generally increases with growth and tax rate increases. The following chart shows municipal mill rate increases, taxation revenue and the Consumer Price Index for the past eleven years:

Municipal Mill Rate Increase, Tax Revenue Increase and CPI Increase
(Cumulative Increase Since 1998)



Note: Taxation Revenues include Regina Public Library and Business Improvement Districts.

Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable Assessment	x	Mill Rate	x	Mill Rate Factor	=	Property Tax

Taxable Property Assessment
(in thousands of dollars)

Year	Total
2008	6,345,177
2007	6,276,037
2006	6,348,482
2005	6,302,012
2004	5,368,835

Mill Rates

					Business Improvement Levies	
Year	Municipal	Schools	Library	Total	Regina Downtown	Regina's Warehouse District
2008	18.9130	19.7393	2.1059	40.7582	1.3107	1.3107
2007	18.3907	19.0166	2.0267	39.4340	1.3107	1.3107
2006	17.6987	18.5528	1.9320	38.1835	1.3107	1.1300
2005	17.6987	18.0264	1.8045	37.5296	1.3107	1.1300
2004	18.6212	19.7247	1.9745	40.3204	1.1300	0.9300

Municipal Mill Rate Factors

Property Class/Subclass	2008	2007	2006	2005	2004
Residential	0.85494	0.84803	0.84113	0.83423	0.8789
Condominiums	0.85494	0.84803	0.84113	0.83423	0.8789
Multiple Family Residential	1.03147	1.11284	1.19420	1.27557	1.2693
Commercial and Industrial	1.34557	1.34557	1.34557	1.34557	1.19768
Exterior Hotels	n/a	n/a	n/a	n/a	0.61763
Golf Courses	0.94826	0.94826	0.94826	0.94826	0.78000
Agriculture	1.34557	1.34557	1.34557	1.34557	1.19000

Tax Levies and Collection

(in thousands of dollars)

	2008	2007	2006	2005	2004
Municipal Tax Levy	131,870	125,947	116,474	112,666	105,468
School Boards Tax Levy	120,126	115,650	110,209	97,836	107,407
Library Tax Levy	14,673	13,316	12,462	11,576	10,931
Total Tax Levy	266,669	254,913	239,145	222,078	223,806
Tax Levy Per Capita (in dollars)	1,301	1,265	1,226	1,152	1,169
Tax Arrears at End of Year (prior to Allowance for Doubtful Accounts)	5,049	4,543	5,350	5,702	6,772
Arrears as a % of Total Tax Levy	1.89%	1.80%	2.24%	2.56%	3.03%

Major Property Taxpayers in Regina in 2008

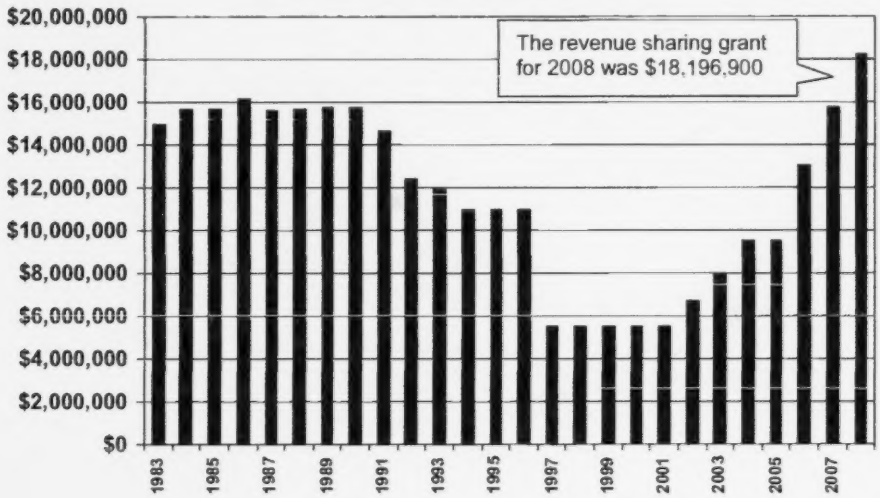
	Registered Owner	Total Taxable Assessment (in thousands of dollars)	% of Total Taxable Assessment
1.	Consumer's Co-operative Refineries Limited	61,512	0.97%
2.	Borealis Retail Cornwall Centre Inc.	57,315	0.90%
3.	HDL Investments Inc.	37,725	0.59%
4.	Boardwalk REIT Properties Holdings Ltd.	50,767	0.80%
5.	Gordon Road Property Holdings Inc.	33,035	0.52%
6.	Loblaw Properties West Inc.	29,510	0.47%
7.	1532652 Ontario Limited	27,530	0.43%
8.	First Willow Developments Limited	27,419	0.43%
9.	SGC Holdings Inc.	26,620	0.42%
10.	Narland Properties (Victoria Square) Ltd.	24,743	0.39%
11.	Saskatchewan Housing Corporation	32,286	0.51%
12.	Normanview Crossing Inc.	21,887	0.34%
13.	4187415 Canada Inc.	19,575	0.31%
14.	Harvard Developments Inc.	19,069	0.30%
15.	First Roughriders Developments Limited	18,114	0.29%
	Total	487,107	7.68%
	Total 2008 Taxable Assessment	6,345,177	

The list of major taxpayers does not include properties where grants or payments in lieu of property tax are paid.

Fees and Charges revenue has generally increased due to rate increases, with some increase over the past few years due to higher building activity. The largest portion of the increase is attributable to increase in water and sewer utility rates required to fund infrastructure improvements to meet water and sewer treatment quality standards.

Government Transfers includes both operating and capital transfers and reflects the variability in various federal and provincial capital grant programs. The Provincial revenue sharing grant is the largest single grant program available to the City of Regina. The following graph shows the Provincial revenue sharing grant received by Regina since 1983:

Regina's Revenue Sharing Grant



Electrical and Gas Distribution Revenues reflect a trend of increasing rates for electricity and volatile rates for natural gas. Electrical consumption has been relatively steady over the past ten years. Natural gas consumption decreased on average about 3% per year for the years 2003 to 2006, but has increased by 4.7% in the years 2007 and 2008.

Expenditure Summary
(in thousands of dollars)

	2008	2007	2006	2005	2004
Parks, Recreation and Community Services	79,305	76,924	71,177	44,599	49,910
Police	52,503	48,492	46,658	45,490	48,179
Legislative and Administrative Services	56,077	44,104	44,400	32,900	40,790
Water, Wastewater and Drainage	57,670	39,415	40,264	40,972	44,401
Roads and Traffic	44,973	40,976	36,643	35,805	41,245
Fire	28,725	26,905	27,645	25,693	24,831
Transit	28,575	24,602	21,528	23,513	19,045
Waste Collection and Disposal	13,432	11,998	12,794	9,125	8,479
Grants	17,016	4,404	4,171	4,168	3,935
Planning and Development	8,658	5,863	3,716	3,837	4,176
Total	386,934	323,683	308,996	266,102	284,991

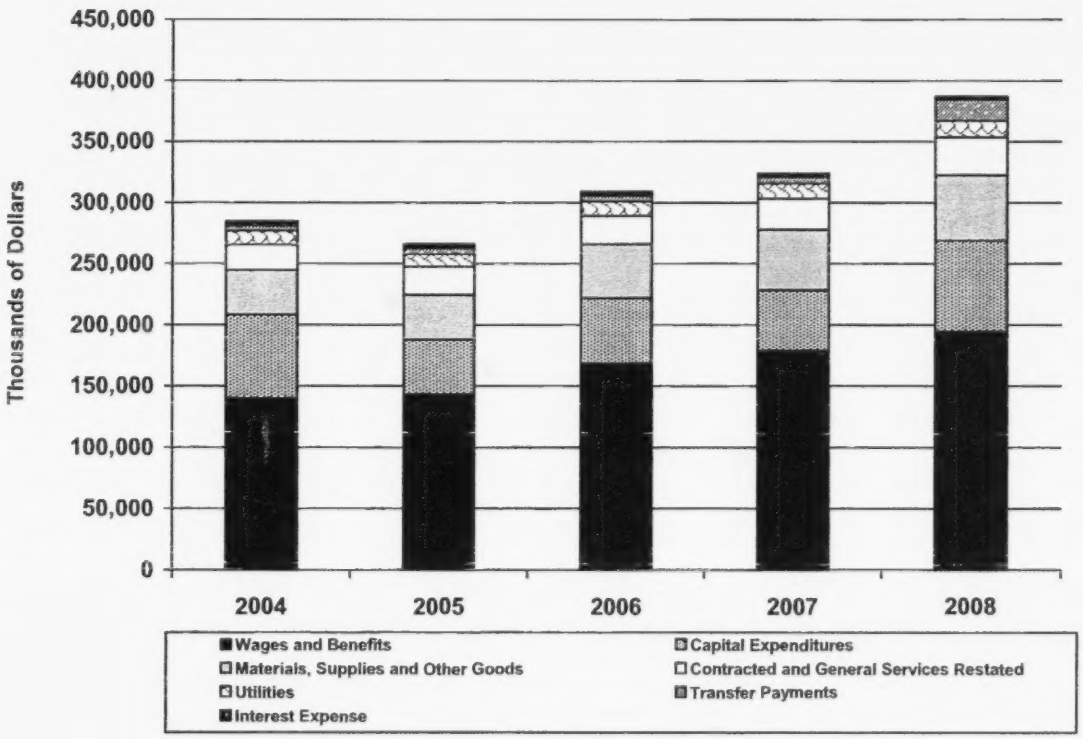
Expenditures by Object
(in thousands of dollars)

	2008	2007	2006	2005	2004
Wages and Benefits	194,637	179,141	168,358	143,390	140,329
Capital Expenditures	74,559	49,207	53,563	44,707	68,076
Materials, Supplies and Other Goods	53,279	49,524	44,152	36,489	36,440
Contracted and General Services	31,133	25,407	23,097	22,739	20,508
Utilities	13,583	12,656	11,888	10,700	11,451
Transfer Payments	17,606	5,231	4,879	4,825	4,523
Interest Expense	2,137	2,517	3,059	3,252	3,664
Total	386,934	323,683	308,996	266,102	284,991

Capital expenditures were significantly higher in 2008 because of the Evraz Place Revitalization project, and higher in 2006 because of increases in transit, water, sewer and street infrastructure renewal capital spending.

The following graph displays the proportion of total expenditures by object:

Total Expenditures by Object
2004 – 2008



Financial Position – Net Financial Assets (Liabilities)
(in thousands of dollars)

	2008	2007	2006	2005	2004
Financial Assets					
Cash	11,524	14,563	11,661	11,301	5,836
Short-Term Investments	71,414	57,038	49,432	30,536	14,648
Accounts Receivable	41,307	29,591	36,447	38,002	34,467
Taxes Receivable	3,497	3,214	4,077	4,386	4,972
Long-Term Investments	79,045	75,208	52,349	56,406	79,438
Total	206,787	179,614	153,966	140,631	139,361
Liabilities					
Accounts Payable and Accrued Liabilities	59,728	31,581	30,436	28,222	31,170
Taxes Payable to School Boards	4,967	4,927	11,691	6,939	4,426
Deferred Revenue	22,987	20,648	8,131	7,425	6,473
Lease Obligations	1,986	2,207	2,400	2,124	2,393
Long-Term Debt	35,754	43,290	53,869	55,900	67,500
Employee Benefit Obligations	37,109	36,404	35,821	37,490	39,525
Landfill Closure and Post Closure	27,667	22,450	20,381	15,614	13,640
Total	190,198	161,507	162,729	153,714	165,127
Net Financial Assets (Liabilities)	16,589	18,107	(8,763)	(13,083)	(25,766)

Investments

Fluctuations in Short and Long Term Investments reflect the timing of debt issues, provincial and federal grants, and the expenditure of the proceeds on various capital projects. The increase for 2007 reflects the receipt of $15 million in Federal Transit Funding to be spent over the 2007 to 2009 period. The increase in 2008 reflects the receipt of a $10 million grant from the Provincial Government for the Evraz Place Revitalization project.

Assessment Appeals

Accounts Payable and Accrued Liabilities include standard trade and payroll amounts payable as at December 31. The main reason for the increase in accounts payable and accrued liabilities is due to infrastructure work at Harbour Landing but not paid as at December 31, 2008. It also includes a contingency amount for potential losses on assessment appeals. There are currently a number of appeals outstanding at various levels of the appeal process relating to assessments for the years 2001 through 2008, with a total risk estimated at $1.7 million for 2008. At the end of 2007, appeals were outstanding for 2001 through 2007, with a total risk of $4.3 million. The risk is estimated by a review of each appeal including an analysis of the issues raised in the appeal and the potential reduction in assessment value.

During 2007 and early 2008, a number of appeals were resolved. The net impact on 2008 was a decrease of $2.6 million and a decrease of $2.7 million in 2007 in assessment appeals. The lengthy process for resolution of the appeals through the courts results in significant uncertainty in estimating the potential losses for the appeals still outstanding.

City of Regina
Long-Term Debt
as at December 31
(in thousands of dollars)

	2008	2007	2006	2005	2004
Total Debt Outstanding (Beginning of Year)	35,300	45,600	55,900	67,500	57,100
Debt Issued During Year	-	-	-	-	20,000
Debt Repayments During Year	(7,300)	(10,300)	(10,300)	(11,600)	(9,600)
Total Debt Outstanding (End of Year)	28,000	35,300	45,600	55,900	67,500
General Municipal Debt Outstanding (End of Year)	8,400	9,800	11,200	12,600	14,000
Water and Sewer Utility Debt Outstanding (End of Year)	19,600	25,500	34,400	43,300	53,500
Authorized Debt Limit	200,000	94,000	94,000	94,000	94,000
Total Debt Outstanding	28,000	35,300	45,600	55,900	67,500
Debt Per Capita (in dollars)	136	175	234	290	353

In 2008, Standard & Poor's affirmed its 'AA+' credit rating with a stable outlook for the City based on the city's very strong financial performance. The rating reflects the City's modest debt burden and robust cash and investment holdings. The rating indicated that these strengths are partially offset by constraints on the City's financial flexibility that are greater than those faced by most other rated comparable Canadian municipalities.

The City's tax-supported debt was $8.4 million at the end of 2008, while debt incurred to fund the water and sewer utility was $19.6 million for a total of $28.0 million. The City last issued $20 million in debt in 2004, and it is expected that borrowing in the range of $150 million will be required over the period 2009-2013 to finance improvements to the City's wastewater treatment facilities. City Council has approved borrowing of $25.5 million in the 2008 budget, of which $20 million is for the City's contribution to the Evraz Place Revitalization Project. Council has also approved borrowing $43.1 million for the Global Transportation Hub in 2009.

The City of Regina's authorized debt limit was $200 million as at December 2008. The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. The City received approval on May 26, 2008 from the Saskatchewan Municipal Board to increase the debt limit from $94 million to $200 million to support future capital financial requirements.

Regina Pioneer Village Ltd.
Long-Term Debt
as at December 31*
(in thousands of dollars)

	2008	2007	2006
Regina Pioneer Village Mortgages (End of Year)	5,727	5,959	6,178
Regina Pioneer Village Debentures (End of Year)	2,027	2,031	2,091
Total Debt Outstanding (End of Year)	**7,754**	**7,990**	**8,269**

* Based on audited financial statements of Regina Pioneer Village Ltd. as at March 31, 2008.

The decrease in mortgages and debentures is due to payment of principal and debt.

Debt Service Costs
(in thousands of dollars)

	2008	2007	2006	2005	2004
General Municipal Debt					
Principal	1,400	1,400	1,400	1,400	-
Interest	424	474	511	549	470
	1,824	1,874	1,911	1,949	470
Water and Sewer Utility					
Principal	5,900	8,900	8,900	10,200	9,600
Interest	1,267	1,646	2,007	2,500	2,988
	7,167	10,546	10,907	12,700	12,588
Total	8,991	12,420	12,818	14,649	13,058
Debt Service Costs as a Per Cent of Total Expenditures	2.6%	4.2%	4.5%	5.5%	4.6%
Debt Service Costs as a Per Cent of Total Revenues	2.6%	3.7%	4.2%	5.3%	4.9%

Employee Benefit Obligations

Since 2003, the increase in Employee Benefit Obligations primarily reflects the impact of general wage rate increases on vacation pay. In 2006, approximately $4.2 million was paid out for vested sick leave on termination including retirements with the payments dropping to a more typical level of about $1.1 million for 2007 and 2008. As a larger proportion of the City's work force reaches retirement age over the next five to ten years, the cash expenditures relating to this obligation will continue to be significant.

This amount also includes the liability for the Regina Police Pension. The Regina Civic Superannuation and Benefits Plan includes a larger group of employees, but since it is a multi-employer plan, it is not possible to determine the City's portion of any actuarial surplus or deficit and thus no amount is included in the Statement of Financial Position for this plan. As disclosed in Note 8 to the Financial Statements, an actuarial extrapolation completed for the plan for accounting purposes indicates a deficit of net assets available for benefits of $251,733 (2007 – $45,948 surplus). This deficit is due mainly to the recent unfavourable events in the financial markets.

For funding purposes, the plan was required to complete an actuarial valuation on both a going concern and a solvency basis for December 31, 2007. The valuation for solvency purposes requires any shortfall to be funded over a five-year period. The valuation completed during 2008 disclosed a solvency surplus of $19 million and a going concern unfunded liability of $43.6 million. The following table shows the City's contributions to the Plan for the past five years:

	2008	2007	2006	2005	2004
City of Regina Employer Contributions	9,952	9,725	10,212	9,040	8,569

(in thousands of dollars)

Reserves

As at December 31
(in thousands of dollars)

	2008	2007	2006	2005	2004
Reserves					
City of Regina Reserves	61,683	60,604	44,873	30,640	30,658
Group Benefits Reserves	7,553	7,450	6,830	6,682	5,728
Other Entities Reserves	7,948	7,085	6,103	4,777	4,509
Total	77,184	75,139	57,806	42,099	40,895

Reserve balances totalled $77 million at the end of 2008 (2007 - $75 million).

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements. The largest reserve is the General Fund Reserve, which is intended to provide funding in the event of an operating deficit, as well as for one-time initiatives. This reserve increased by about $15 million during 2005 to 2008 primarily because of the City's general operating fund surplus and land sales. The reserves represent amounts that Council has funded through annual operating revenues for future requirements. The financial statements include a number of liabilities which will be funded from future revenues. These amounts are reflected in Note 12 to the Financial Statements as Obligations to be Funded from Future Revenues, and include amounts related to the Employee Benefit Obligations, Long Term Debt and the Landfill Closure and Post-Closure costs.

Physical Assets

Currently the Public Sector Accounting Board (PSAB) guidelines require that amounts spent for capital assets be recorded as expenditures at the time the asset is acquired. In March 2007, PSAB issued a revised Handbook section 3150, which will require local governments to report all tangible capital assets as assets on the Statement of Financial Position and provide for amortization over the expected useful lives. This change will significantly impact the City of Regina's financial statements. Implementation is required for the 2009 financial statements. The Administration has developed a project plan to be carried out over 2008 and 2009 and implementation is progressing.

Looking Forward

Regina is entering an exciting new phase of growth and development. Building permits continue to hit record levels and the population is growing. Regina is receiving wide recognition as an attractive, vibrant, inclusive and thriving city – a great place to work, raise a family or start a business.

The City itself faces challenges with funding the infrastructure needed to support this growth as well as the existing infrastructure gap. Revenue growth from new development is expected to be higher in 2009 than previous years. However, this revenue growth is not sufficient to keep pace with operating expenses or increased capital requirements.

The 2009 budget was built on the framework and priorities established by the City's corporate strategic plan, *Accelerating Excellence*, with an aim to realizing City Council's vision for Regina 2020. During 2008, servicing agreement fees were adjusted to appropriate levels to fund development related infrastructure. City Council approved a 9% increase in utility rates to provide the adequate funding needed for the wastewater treatment plant refurbishment and expansion. The budget development process included

careful consideration of debt to support strategic capital initiatives. A key factor in the ability to produce a balanced budget was the recognition of the limited ability to increase capital projects in the short term in light of the hot construction market.

In its 2009/10 Budget, the Province announced a $7.7 million or 42.3% increase in municipal operating grant revenue (formerly called revenue sharing) for municipalities based on Provincial revenues. The province also announced a capital grant of $19.5 million for the Municipal Economic Enhancement Program. The majority of the funding will be used for roads and street infrastructure renewal, Lawson Pool and the Global Transportation Hub. The City of Regina continues to work with the Federal and Provincial Governments to seek new funding opportunities as these funding programs develop.

These commitments represent a growing recognition of the need for a fundamental change in the revenue framework for cities – critical for our future success.

Consolidated Financial Statements

MANAGEMENT'S REPORT

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all other information contained in this Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.

The Finance and Administration Committee, established by City Council, comprises five elected officials, along with the Mayor as an ex-officio member. The Committee, in addition to considering a variety of financial and administrative issues, reviews the content of the annual financial report for presentation to City Council, and reviews external audit reports.

Deloitte & Touche LLP, Chartered Accountants, the City's appointed external auditors, have audited the consolidated financial statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Glen Davies
City Manager

Brent Sjoberg
General Manager, Corporate Services

May 22, 2009

Deloitte

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Auditors' Report

To His Worship the Mayor and Members of City Council

We have audited the consolidated statement of financial position of the City of Regina as at December 31, 2008 and the consolidated statements of financial activities and changes in net assets, and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina as at December 31, 2008, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
May 22, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31, 2008

	2008	2007
FINANCIAL ASSETS		
Cash	**11,524**	14,563
Short-term investments (Note 4)	**71,414**	57,038
Accounts receivable	**41,307**	29,591
Taxes receivable (Note 14)	**3,497**	3,214
Long-term investments (Note 5)	**79,045**	75,208
	206,787	179,614
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	**59,728**	31,581
Taxes payable to school boards	**4,967**	4,927
Deferred revenue	**22,987**	20,648
Capital lease obligations (Note 6)	**1,986**	2,207
Long-term debt (Note 7)	**35,754**	43,290
Employee benefit obligations (Note 8)	**37,109**	36,404
Landfill closure and post-closure (Note 9)	**27,667**	22,450
	190,198	161,507
NET FINANCIAL ASSETS	**16,589**	18,107
NON-FINANCIAL ASSETS		
Property held for resale (Note 11)	**235**	231
Materials and supplies	**5,551**	6,059
NET ASSETS (Note 12)	**22,375**	24,397

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS

(in thousands of dollars)

For the year ended December 31, 2008

	Budget (Unaudited) 2008	**Actual 2008**	Actual 2007
REVENUE			
Taxation (Note 14)	141,944	**146,543**	139,263
Fees and charges	98,785	**106,167**	96,643
Government transfers (Note 15)	57,728	**70,526**	55,369
Electrical distribution	24,600	**25,429**	25,378
Licenses, fines and levies	8,703	**9,328**	8,441
Gas distribution	8,401	**9,316**	8,449
Interest and penalties	6,371	**7,257**	7,003
Service agreement fees	23,883	**3,899**	5,670
Land sales	3,000	**4,824**	2,337
Other	4,698	**2,127**	2,000
	378,113	**385,416**	350,553
EXPENDITURES			
Parks, recreation and community services	79,878	**79,305**	76,924
Police	53,668	**52,503**	48,492
Legislative and administrative services	60,165	**56,077**	44,104
Water, wastewater and drainage	80,670	**57,670**	39,415
Roads and traffic	41,462	**44,973**	40,976
Fire	29,679	**28,725**	26,905
Transit	26,247	**28,575**	24,602
Waste collection and disposal	9,993	**13,432**	11,998
Grants	24,353	**17,016**	4,404
Planning and development	7,861	**8,658**	5,863
	413,976	**386,934**	323,683
EXCESS OF (EXPENDITURES OVER REVENUES) REVENUE OVER EXPENDITURES		**(1,518)**	26,870
(Decrease) increase in non-financial assets		**(504)**	1,868
(DECREASE) INCREASE IN NET ASSETS		**(2,022)**	28,738
NET ASSETS (LIABILITIES), BEGINNING OF YEAR		**24,397**	(4,341)
NET ASSETS, END OF YEAR		**22,375**	24,397

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands of dollars)

For the year ended December 31, 2008

	2008	2007
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of (expenditures over revenues) revenue over expenditures	**(1,518)**	26,870
Net change in non-cash working Items		
(Increase) decrease in accounts receivable	**(11,716)**	6,856
(Increase) decrease in taxes receivable	**(283)**	863
Increase in accounts payable and accrued liabilities	**28,147**	1,145
Increase (decrease) in taxes payable to school boards	**40**	(6,764)
Increase in deferred revenue	**2,339**	12,517
Decrease in capital lease obligations	**(221)**	(193)
Increase in employee benefit obligations	**705**	583
Increase in landfill closure and post-closure liability	**5,217**	2,069
	22,710	43,946
INVESTING ACTIVITIES		
Net purchase of short-term investments	**(14,376)**	(7,606)
Net purchase of long-term investments	**(3,837)**	(22,859)
	(18,213)	(30,465)
FINANCING ACTIVITIES		
Long-term debt retired	**(7,536)**	(10,579)
	(7,536)	(10,579)
(DECREASE) INCREASE IN CASH POSITION	**(3,039)**	2,902
CASH POSITION, BEGINNING OF YEAR	**14,563**	11,661
CASH POSITION, END OF YEAR	**11,524**	14,563

See accompanying notes to consolidated financial statements.

For the year ended December 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, changes in net assets and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City, namely:

- General operating and capital funds
- Water and sewer utility operating and capital funds
- Regina Public Library
- Regina Regional Economic Development Authority
- Regina Downtown Business Improvement District
- Regina's Warehouse Business Improvement District
- Regina Pioneer Village Ltd. (RPV)

Inter-departmental and inter-organizational transactions and balances have been eliminated.

The City has an interest in the Buffalo Pound Water Administration Board, a government partnership, that is proportionately consolidated.

Revenue recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with Provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of a provision for potential losses on outstanding assessment appeals and uncollected taxes. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material (See Note 14). Penalties on overdue taxes are recorded in the period levied.

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5% respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City of Regina limits.

Gas distribution revenues mainly consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the fees levied by SaskEnergy to customers within the City of Regina limits. The payment in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted by TransGas to consumers within the City of Regina limits. Pursuant to an agreement with the City for two major consumers who are served by TransGas, the 5% payments to the City in lieu of taxes are based on the transportation costs and the deemed value of the fuel stock consumed.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles as recommended by PSAB requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

Investments

All investments are recorded at cost less write downs to reflect other than temporary declines in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

Materials and supplies

Inventories of materials and supplies are valued at average cost.

Taxes collected for others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes which are not included in the City's financial results, are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivables.

Deferred revenue

The City receives service agreement fees, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. The City also receives special taxes levied pursuant to Section 275 of *The Cities Act* which are to be expended on alley maintenance, and rent revenue received from the Saskatchewan Roughriders football club which is to be spent on upgrading Taylor Field. As well, the City receives various government grants for special programs offered by either the Provincial or Federal governments. These funds are restricted as to their use and are not recognized as revenue until the fiscal period in which they are used to make qualifying expenditures.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-

division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

Employee benefit plans

The City participates in contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to its contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and the pension plan administrator's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, the contributions are expensed when they are due and payable.

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service.

The obligations for vested sick leave, service or retirement allowances and other post-employment benefits have been determined on an actuarial basis. The obligations for vacation pay and banked time in lieu of overtime have been accounted for at an undiscounted value at the current rate of pay.

Capital assets

Expenditures on capital assets are recognized as expenditures in the period the assets are acquired or constructed.

Budget information

Unaudited budget information is presented on a basis consistent with that used for actual results.

2. FUTURE ACCOUNTING POLICIES

Tangible Capital Assets

In September 2006, the CICA revised Section PS 3150, *Tangible Capital Assets*. This section establishes standards on how to account for and report tangible capital assets in government financial statements. For fiscal years commencing after January 1, 2009, the City will be required to report tangible capital assets in its consolidated financial statements.

The City is currently working toward obtaining the necessary information in order to comply with PS 3150 and has made significant progress in 2008. Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the financial statements to the extent that reliable information is available. The City is in the process of implementing PS 3150 but as at December 31, 2008 the City does not have detailed tangible capital asset information to disclose. For the year ended December 31, 2008 tangible capital expenditures incurred during the year are recorded as capital expenditures in the

consolidated statement of financial activities.

Financial Statement Concepts, Objectives, and Presentation

In January 2007 the CICA issued sections PS1000, PS1100, and PS1200. These sections establish standards related to financial statement concepts, objectives, and presentation. The City will be required to adopt these standards for the year ended December 31, 2009.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is $12,800 related to amounts owed to developers for infrastructure expenditures made on behalf of the city in 2008. The City issued service agreement fee (SAF) credits to the developers in 2009 for these expenditures. The developers can redeem the SAF credits to offset payment for future service agreement fees. If there are SAF credits owing to developers after 10 years the City will repay the value of the remaining SAF credits to the developers. The City can also choose to repay prior to 10 years. Under the SAF credit agreements the total amount of credits that can be issued to developers is $39,900.

4. SHORT-TERM INVESTMENTS

Short-term investments are recorded at cost and have a fair value approximating cost. The investment is in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes. The average yield earned from investments was 3.49% (2007 - 4.86%). RPV holds short-term restricted cash in 2008 for $705 (2007 - $742).

5. LONG-TERM INVESTMENTS

Long-term investments include investments in a pooled bond fund.

	Carrying Value		Fair Value	
	2008	2007	**2008**	2007
Pooled bond fund	**79,045**	75,208	**79,769**	75,077

A pooled bond fund is a group of individual bonds managed by an investment manager. The fair value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

6. CAPITAL LEASE OBLIGATIONS

The following is a schedule of future minimum lease payments under capital leases for computer equipment, software and building contracts along with the balance of the capital lease obligation:

2009	**757**
2010	**519**
2011	**359**
2012	**289**
2013	**229**
Thereafter to 2014	**229**
Total minimum lease payments	**2,382**
Less amount representing interest (5.5%-9.25%)	**(396)**
Capital lease obligations	**1,986**

7. LONG-TERM DEBT

Debenture debt

The City's long term debt consists of unsecured debentures issued in the form of fully registered certificates held by The Canadian Depository for Securities Ltd. ("CDS"), on behalf of beneficial owners as direct and indirect participants of CDS. The debentures were issued for 10 year terms with principal and interest payable semi-annually.

Long-term debt also includes debentures payable to RPV occupant unit holders of accommodation units. In the event of the death of a unit holder or termination of the occupancy agreement by either party, RPV is required to pay the unit holder, the lesser of the original lump sum deposit or the fair market value of the holder's right of use. The debentures are non interest bearing and are secured by the Regina Village Housing Corporation, a wholly owned subsidiary of RPV.

Mortgages Payable

Long-term debt also includes the mortgages of RPV with terms ranging from 8-15 years. Land and buildings of RPV are pledged as collateral for the mortgage loans. The City has provided no guarantee on the mortgages.

Bank Indebtedness

Pursuant to *The Regina Administration Bylaw 2003-69*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and the City has pledged certain revenues as security for the debt obligation. At December 31, 2008, the City had no bank indebtedness. In 2008, the City received approval from the Saskatchewan Municipal Board to increase the debt limit to $200,000 .

For the year ended December 31, 2008

	2008	2007
City of Regina unsecured debentures		
Operating fund	**8,400**	9,800
Utility fund	**19,600**	25,500
RPV mortgages	**5,727**	5,959
RPV debentures	**2,027**	2,031
Total debt	**35,754**	43,290
Authorized debt limit	**200,000**	94,000
Interest rates	**4.15 - 7.88%**	3.80 - 7.88%
Interest costs for year	**1,950**	2,321

The debenture debt is repayable as follows:

2009	**6,243**
2010	**6,256**
2011	**6,270**
2012	**6,285**
2013	**2,300**
Thereafter to 2022	**8,400**
	35,754

For the year ended December 31, 2008

8. EMPLOYEE BENEFIT OBLIGATIONS

The City's employee benefit obligations are as follows. The concept of funding refers to amounts included or to be included in the City's annual revenue budget (see Note 12) and not to the funded status of the defined benefit pension plans described below:

	Funded	To be funded in future	Total 2008	Total 2007
a) Defined benefit pension plans				
Regina Police Superannuation and Benefits Plan	-	(1,866)	(1,866)	(225)
Chief of Police	-	-	-	337
Regina Police Civilian Employees' Early Retirement	-	306	306	277
	-	(1,560)	(1,560)	389
b) Other benefit plans				
Termination payments	303	14,653	14,956	14,392
Continuation of group life, medical and dental benefits	325	6,918	7,243	7,038
	628	21,571	22,199	21,430
c) Other plans and arrangements				
Vacation	131	13,341	13,472	12,214
Overtime	-	2,696	2,696	2,057
Other termination payments and pensions	17	139	156	175
Group life, medical and dental plans	146	-	146	139
	294	16,176	16,470	14,585
Total	922	36,187	37,109	36,404

a) Defined benefit pension plans

The Regina Police Pension Plan is a defined benefit pension plan. As required by provincial legislation, an actuarial funding valuation is completed at least triennially.

The Chief of Police Pension Plan is a defined benefit plan. The plan consists of one member, who became eligible for early retirement under the plan in 2008. He elected for early retirement effective March 2008. An annuity was purchased through and is administered by Canada Life. At December 31, 2008 the City has no liability related to this plan.

The Regina Police Civilian Employees' Early Retirement Benefits Arrangement is a defined benefit arrangement augmenting the Regina Police Pension Plan. If a member of the Regina Police Pension Plan retires prior to eligibility for Canada Pension Plan (CPP) benefits, the City pays benefits equivalent to the CPP benefits the member would receive at the CPP retirement age until the member starts to receive actual CPP benefits. Contributions are not required from members.

An actuarial valuation of the defined benefit pension plans is performed using the projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the financial statements.

For the year ended December 31, 2008

The results of the most recent actuarial valuations and significant assumptions utilized in these valuations are as follows:

	Police	Chief of Police	Police Civilian Employees' Early Retirement	Total 2008	Total 2007
Fair value of plan assets, beginning of year	120,752	700	-	121,452	121,239
Employer contributions	4,877	647	-	5,524	4,438
Employee contributions	-	60	-	60	12
Actual return on plan assets	(23,777)	(14)	-	(23,791)	2,308
Less benefits paid	(6,911)	(1,393)	-	(8,304)	(6,545)
Fair value of plan assets, end of year	94,941	-	-	94,941	121,452
Accrued benefit obligation, beginning of year	118,975	1,379	404	120,758	116,041
Current period benefit cost	3,517	14	21	3,552	3,236
Interest on accrued benefit obligation	7,916	-	27	7,943	7,722
Actuarial (gains) losses	8,440	-	241	8,681	325
Less benefits paid	(6,911)	(1,393)	(30)	(8,334)	(6,566)
Changes in Assumptions	-	-	40	40	-
Accrued benefit obligation, end of year	131,937	-	703	132,640	120,758
Funded status - plan surplus (deficit)	(36,996)	-	(703)	(37,699)	694
To be funded by employee	-	-	-	-	54
Unamortized net actuarial loss (gain)	38,862	-	397	39,259	(1,137)
Accrued benefit liability (asset)	(1,866)	-	306	(1,560)	389
Current period benefit cost	3,517	14	21	3,552	3,236
Amortization of actuarial (gains) losses	(115)	288	11	184	(606)
Interest expense	(166)	-	27	(139)	(391)
Member contributions	-	(60)	-	(60)	(12)
Benefit expense	3,236	242	59	3,537	2,227
Actuary	Aon Consulting Inc.				
Date of most recent valuation	Dec 31, 2007	Dec 31, 2007	Dec 31, 2007		
Discount rate (%)	6.50	-	6.50		
Inflation rate (%)	2.5	-	n/a		
Long term return rate on plan assets (%)	6.75	-	n/a		
Rate of compensation increase (%)	3.5	-	4.5		
Expected average remaining service years	13.0	-	-		
Contribution rate as a percentage of salary:	-	-	-		
Members	11.33-12.83%	-	-		
City	11.83-13.33%	-	variable		

b) Other benefit plans

Pursuant to union agreements eligible employees are entitled to termination payments based upon their unused sick leave or years of service.

Group life, medical and dental benefits represents the obligation for the continuation of group life insurance, dental and medical benefits for employees on long-term disability and the City's share of group life insurance for early retirees.

Retirees may continue group life insurance coverage to age 65 on a 50% cost shared basis with the City. Employee and employer premiums for continuation of group life insurance for employees on long term disability are fully funded through contributions maintained in a reserve. Medical and dental coverage for employees on long term disability is provided on a 50% cost shared basis between the employee and employer.

A group life insurance plan is administered by Saskatchewan Blue Cross on a self-insured basis, with a stop-loss provision limiting losses to claims in excess of 150% of premiums for any calendar year. The primary components of the plan are funded equally by employer and employees. Dental and Medical plans are also provided for most employees on a cost-shared or employer-funded basis.

For group life insurance, the balance of the employer and employee premiums collected in excess of claims are held in group insurance reserves, which are intended for future benefits and stabilization of premiums. The employer's portion of the obligations under the group insurance plan that will be funded from the reserves is reflected in Other Benefit Plans. Amounts held in the reserves that reflect obligations to be funded from employee contributions have been included in Accounts Payable and Accrued Liabilities. The balance of the group life insurance reserves, after reflecting the liabilities for the employee and employer share of future obligations, is $6,013. This amount has been included in Group Benefit Reserves (Note 13). A similar amount is also recorded for the group dental plan.

Actuarial valuations are performed to determine the accrued benefit obligation and the expense to be recognized in the financial statements. The results of and significant assumptions utilized in these valuations are as follows:

	Termination payments		Group life, medical and dental plans	Total 2008	Total 2007
	City employees	Library employees			
Accrued benefit obligation, beginning of year	13,433	959	7,038	21,430	18,115
Current period benefit cost	829	66	730	1,625	1,440
Interest on accrued benefit obligation	685	48	341	1,074	979
Actuarial (gains) losses	73	(3)	(427)	(357)	1,340
Less benefits paid	(1,124)	(10)	(439)	(1,573)	(978)
Past service cost	-	-	-	-	534
Accrued benefit liability	13,896	1,060	7,243	22,199	21,430
Current period benefit cost	829	66	730	1,625	1,440
Amortization of actuarial (gains) losses	(85)	(3)	(427)	(515)	750
Interest expense	685	48	341	1,074	979
Benefit expense	1,429	111	644	2,184	3,169

Actuary	Aon Consulting Inc.		Mercer Human Resources Consulting Limited
Date of most recent valuation	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008
Discount rate (%)	5.00	5.00	4.20-5.15
Rate of compensation increase (%)	4.5-5.0		3.60-3.70
Expected average remaining service years	10-13	15.0	n/a

c) Other plans and arrangements

Employees are entitled to vacation pay and overtime as outlined in administrative policies and/or contractual agreements. The liability for these benefits is determined using current rates of pay and is not discounted.

Out of scope employees are contractually entitled to certain pensions and termination payments. Buffalo Pound employees are entitled to termination payments based upon years of service or unused sick leave. Benefits start to vest after 10 or 15 years of service and are recognized as expenses when they are vested.

Group Life and Dental Plans represents the liability for claims in progress and claim fluctuations under those plans at the end of the year.

d) Multi-employer defined benefit plans

The following two multi-employer defined benefit plans provide benefits to employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), the Buffalo Pound Water Administration Board, the Regina Public Library Board, and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan:

	Superannuation & Benefit Plan	Long-Term Disability Plan	Total 2008	Total 2007
Benefit expense	9,952	972	10,924	9,724
(Deficit) surplus of plan assets over benefit obligation per plan financial statements	(251,733)	9,531	(242,202)	57,863
Contribution rate as a percentage of salary				
Members	7.85 - 13.11%	1.04%		
Employers	7.85 - 13.11%	1.04%		
City employee contributions	10,125	972	11,097	9,684
Date of most recent actuarial valuation	Dec 31, 2007	Dec 31, 2007		
Actuary	Mercer Human Resource Consulting Limited			

The contributions by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. The portion of the annual benefit costs and of the asset surpluses that are attributable to the City cannot be determined.

Accordingly, the multi-employer plans are accounted for on the defined contribution basis. No portion of the asset (deficit) surplus of the plans are recognized in these financial statements. The benefit expense reflected in the financial statements is equal to the City's contributions for the year.

e) Defined contribution pension plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Pension fund assets are invested in marketable investments of organizations external to the City. Benefit expense is limited to the City's contributions to the plan.

	2008	2007
Casual employee members' contribution rate	3.00%	3.00%
Elected official members' contribution rate	6.95%	6.95%
Members' contributions	247	232
Benefit expense	247	232

9. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post-closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2008	2007
Estimated closure and post-closure costs over next 40 years	**45,813**	37,970
Discount rate	**5.00%**	5.00%
Discounted cost	**29,837**	24,945
Expected year(s) capacity will be reached	**2011**	2010-2011
Capacity (tonnes):		
Used to date	**10,200,000**	9,900,000
Remaining	**800,000**	1,100,000
Total	**11,000,000**	11,000,000
Percent utilized	**92.73%**	90.00%
Liability based on the percentage utilized	**27,667**	22,450

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment. Amounts could change by more than a material amount in the long-term.

10. COMMITMENTS

The City is committed to the following payments over the next five years under operating leases and service agreements:

2009	**227**
2010	**217**
2011	**165**
2012	**36**
2013	**26**
	671

11. PROPERTY HELD FOR RESALE

Property acquired through the tax enforcement process and held for sale is recorded at the lesser of cost and the net recoverable amount. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. The valuation allowance reflects a potential reduction in the carrying value that may be realized upon sale.

	2008	2007
Property held for resale	**971**	1,023
Valuation allowance	**(736)**	(792)
Property held for resale, net of allowance	**235**	231

Land acquired other than through the tax enforcement process and held for sale is recorded at nominal value.

Acquired property held for resale, estimated fair value	**21,239**	22,089

12. NET ASSETS (LIABILITIES)

Net assets (liabilities) represent the equity (accumulated deficit) of an organization. In determining net assets (liabilities) revenues and expenditures are recognized as they are earned and incurred, according to generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA).

Council through its annual budget process and other policies and bylaws may fund certain amounts on a basis that differs from the expenditure recognition basis prescribed by PSAB.

Unappropriated net assets (liabilities) represent equity relating to certain entities consolidated within the City's financial statements that have not been designated for a specific use by that entity.

Appropriations for capital projects and reserves represent amounts that have been internally restricted for specific purposes.

Obligations to be funded from future revenues represent amounts that have been recognized as expenditures according to generally accepted accounting principles, that will be funded from future revenues.

Infrastructure to be funded from future service agreement fees represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future service agreement fees.

	2008	2007
Unappropriated net assets (liabilities):		
Regina Downtown Business Improvement District	**88**	53
Regina Regional Economic Development Authority	**349**	245
Regina Public Library	**342**	45
Regina's Warehouse Business Improvement District	**45**	33
Regina Pioneer Village Ltd.	**(408)**	486
Appropriated net assets:		
General capital projects	**35,138**	39,651
Utility capital projects	**31,979**	13,476
Reserves (Note 13)	**77,184**	75,139
Infrastructure to be funded from future service agreement fees:		
Roadways	**(3,079)**	(2,477)
Water, wastewater and drainage	**(17,669)**	190
Obligations to be funded from future revenues:		
Long-term debt (Note 7)	**(35,754)**	(43,290)
Employee benefit obligations (Note 8)	**(36,187)**	(34,497)
Landfill closure and post-closure liability (Note 9)	**(27,667)**	(22,450)
Capital lease obligations (Note 6)	**(1,986)**	(2,207)
Net assets	**22,375**	24,397

13. RESERVES

	2008	2007
City of Regina reserves:		
General fund reserve	**25,645**	25,884
Landfill reserve	**15,087**	12,798
General utility reserve	**8,556**	13,870
Winter road maintenance reserve	**3,426**	2,829
Regina Police Service general reserve	**2,688**	1,207
Social development reserve	**1,999**	499
Asset Revitalization Reserve	**1,150**	-
Asphalt reserve	**936**	1,020
Technology reserve	**591**	508
Golf course reserve	**452**	347
Cemetery reserve	**413**	435
Grants reserve	**200**	71
Equipment replacement reserve	**171**	358
Transit equipment replacement reserve	**162**	142
Regina Police Service radio equipment reserve	**155**	144
Employer provided parking reserve	**52**	492
	61,683	60,604
Group Benefits reserves:		
Group life insurance reserve	**6,013**	6,366
Dental benefits reserve	**1,037**	739
Police pension deficit reserve	**295**	253
Medical - City of Regina ASO Reserve	**151**	-
Police long-term disability reserve	**57**	92
	7,553	7,450
Other Entities' reserves:		
Regina Public Library reserves	**7,205**	5,756
Regina Downtown Business Improvement District reserve	**488**	379
Buffalo Pound Water Administration Board capital replacement reserve	**168**	874
Regina's Warehouse Business Improvement District infrastructure reserve	**87**	76
	7,948	7,085
	77,184	75,139

For the year ended December 31, 2008

14. TAXATION REVENUE

	2008	2007
Total taxation revenue levied	**266,669**	254,913
Taxes collected on behalf of others:		
Regina School Division No. 4	**(82,857)**	(79,446)
Regina Roman Catholic Separate School Division No. 81	**(37,269)**	(36,204)
Taxation revenue	**146,543**	139,263
City of Regina		
Municipal levies	**120,002**	114,620
Grants in lieu	**8,147**	7,895
Supplementary taxes	**965**	881
Other	**2,009**	1,919
	131,123	125,315
Regina Public Library		
Taxation levies	**13,766**	12,443
Grants in lieu	**907**	873
	14,673	13,316
Regina Downtown Business Improvement District levies	**594**	484
Regina's Warehouse Business Improvement District levies	**153**	148
	146,543	139,263

Taxation revenues are recorded net of an allowance for uncollectible outstanding taxes and a provision for potential losses on assessment appeals outstanding. As at December 31, the following amounts are reflected in the Statement of Financial Position for these provisions:

Allowance for doubtful outstanding taxes netted against taxes receivable	**1,557**	1,344
Provision for assessment appeals included in accounts payable	**1,665**	4,308

15. GOVERNMENT TRANSFERS

	2008	2007
Operating transfers		
Federal	**969**	1,035
Provincial	**46,973**	42,017
	47,942	43,052
Capital transfers		
Federal	**17,363**	11,570
Provincial	**5,221**	747
	22,584	12,317
	70,526	55,369

Government transfers do not include grants in lieu of taxes received from the federal and provincial governments. These amounts are included with taxation revenue (See Note 14).

16. RELATED PARTY TRANSACTIONS

	2008	2007
Accounts receivable include the following amounts due from:		
The Regina Civic Employees' Superannuation and Benefit Plan	**1,113**	537
The Regina Civic Employees' Long-Term Disability Plan	**611**	530
Perpetual Care Trust and Williamson Driver Award	**129**	130
The Regina Police Pension Plan	**263**	185
	2,116	1,382
Revenues include the following amounts charged to:		
The Regina Civic Employees' Superannuation and Benefit Plan	**71**	176
The Regina Police Pension Plan	**24**	51
Perpetual Care Trust and Williamson Driver Award	**129**	130
The Regina Civic Employees' Long Term Disability Plan	**10**	8
The Chief of Police Pension Plan	**2**	3
	236	368

17. GOVERNMENT PARTNERSHIP

The Buffalo Pound Water Administration Board operates under an agreement between the Cities of Moose Jaw and Regina. Its purpose is to operate the water treatment plant at Buffalo Pound Lake and to supply water to the two cities at cost. Any (recovery) distribution of annual operating (deficit) surplus is shared between the cities according to their respective usage.

The following is a schedule of relevant financial information as stated within the financial statements of the Buffalo Pound Water Administration Board for the year ended December 31, 2008 in thousands of dollars. These amounts represent 100% of the Board's financial position and activities:

	2008	2007
Financial assets	**2,102**	3,249
Capital assets	**76,304**	74,720
Other non-financial assets	**99**	77
Total assets	**78,505**	78,046
Financial liabilities	**2,283**	2,433
Capital replacement reserve	**228**	1,189
Obligations to be funded from future revenues	**(310)**	(296)
Investment in capital assets	**76,304**	74,720
Total liabilities and equity	**78,505**	78,046
Revenue	**8,340**	8,222
Expenditures	**9,316**	8,340
Net (loss) income	**(976)**	(118)

The above amounts are proportionately consolidated within the consolidated financial statements at 73.54% (2007 – 73.48%), the City's interest in the government business partnership. After excluding capital assets to be consistent with the City of Regina's accounting policies and eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2008	2007
Financial assets	**1,174**	2,025
Financial liabilities	**(675)**	(759)
Non-financial assets	**73**	57
Net assets	**572**	1,323
Revenue	**1,088**	1,116
Expenditures	**5,649**	5,054

18. EXPENDITURES BY OBJECT

	2008	2007
Wages and benefits	**194,637**	179,141
Capital expenditures	**74,559**	49,207
Material, supplies and other goods	**53,279**	49,524
Contracted and general services	**31,133**	25,407
Utilities	**13,583**	12,656
Transfer payments	**17,606**	5,231
Interest	**2,137**	2,517
Total	**386,934**	323,683

19. FUNDS HELD IN TRUST

The City of Regina administers the following trusts. As related assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. Following is a summary of the net assets of the trusts:

	2008	2007
Perpetual Care Trust	**2,570**	2,562
Williamson Driver Award	**5**	5

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2008, the City approved of the amalgamation of RPV with the Regina Qu'Appelle Regional Health Region (RQHR). An agreement in principle has been reached and it is expected that the amalgamation will take place June 30, 2009. Under the agreement in principle the City's interest in RPV will be extinguished and the assets, liabilities, rights and obligations of RPV will effectively be transferred and shall continue as assets and liabilities of RQHR. Prior to amalgamation the City will make a cash contribution into RPV of $2,000 to address the immediate operating and financial requirements. In April 2009 the City contributed $1,000 of this amount.

Subsequent to December 31, 2008 the Regina Regional Economic Development Authority merged with with Tourism Regina to create a new entity named Regina Regional Opportunities Commission.

21. SEGMENTED INFORMATION

In 2008 the City adopted CICA section 2700, *Segment Disclosures*. This section establishes standards on how to define and disclose segments in a government's consolidated financial statements.

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, public transit, and water. For management reporting purposes the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. The financial activities of the City reported by Fund are included in Schedule 1. City services are provided by divisions and their activities are reported in these funds. Certain divisions that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Community and Protective Services
Community and Protective Services provides police and fire services, parks and open space services. community, recreation, and cultural programs and services and, public transportation services. It is dedicated to engaging and supporting the citizens of Regina.

Public Works
Public Works is responsible for ensuring the City's infrastructure systems are effectively preserved, funded, and operated. This division preserves and operates municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs.

Planning and Development
Planning and Development provides a long-term comprehensive approach to planning, engineering and development processes to ensure the efficient use of land and community infrastructure. The division encompasses land use, neighbourhood, transportation and infrastructure planning, long-range capital planning, development review, building permits and inspection and real estate services.

Corporate Services
Corporate Services provides services and support to both internal and external customers, enabling City operations to maximize effectiveness and potential. Corporate Services includes Financial Services, Information Technology Services, Human Resources, Fleet Services, and Facilities and Energy Management.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 2).

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

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FINANCIAL ACTIVITIES BY ORGANIZATION

Schedule 1

(in thousands of dollars)

For the year ended December 31, 2008

	General operating	Utility operating	General capital	Utility capital	**Total City of Regina**
REVENUE					
Taxation	131,450	-	-	-	**131,450**
Fees and charges	31,650	65,186	-	-	**96,836**
Government transfers	26,379	-	21,627	918	**48,924**
Electrical distribution	25,429	-	-	-	**25,429**
Licenses, fines and levies	9,328	-	-	-	**9,328**
Gas distribution	9,316	-	-	-	**9,316**
Interest and penalties	6,658	182	-	-	**6,840**
Service agreement fees	-	-	2,449	1,450	**3,899**
Land sales	4,824	-	-	-	**4,824**
Other	8,077	-	2,064	-	**10,141**
	253,111	65,368	26,140	2,368	**346,987**
EXPENDITURES					
Parks, recreation and community services	30,991	-	3,712	-	**34,703**
Police	51,535	-	968	-	**52,503**
Legislative and administrative services	36,618	-	19,477	-	**56,095**
Water, wastewater and drainage	-	41,765	-	22,076	**63,841**
Roads and traffic	25,867	-	19,106	-	**44,973**
Fire	28,395	-	330	-	**28,725**
Transit	22,703	-	5,872	-	**28,575**
Waste collection and disposal	11,454	-	1,978	-	**13,432**
Grants	4,867	-	12,683	-	**17,550**
Planning and development	8,658	-	-	-	**8,658**
	221,088	41,765	64,126	22,076	**349,055**
Excess of revenues over expenditures (expenditures over revenues)	32,023	23,603	(37,986)	(19,708)	**(2,068)**
Increase (decrease) in non-financial assets	(570)	-	-	-	**(570)**
Increase (decrease) in net assets	31,453	23,603	(37,986)	(19,708)	**(2,638)**

See accompanying notes to consolidated financial statements.

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Regina's Warehouse Business Improvement District	Consolidation adjustments	**Consolidated 2008**
-	594	-	-	14,673	153	(327)	**146,543**
7,636	97	205	6,088	1,508	25	(6,228)	**106,167**
20,554	-	684	-	898	-	(534)	**70,526**
-	-	-	-	-	-	-	**25,429**
-	-	-	-	-	-	-	**9,328**
-	-	-	-	-	-	-	**9,316**
110	-	12	45	250	-	-	**7,257**
-	-	-	-	-	-	-	**3,899**
-	-	-	-	-	-	-	**4,824**
-	-	-	1	-	-	(8,015)	**2,127**
28,300	691	901	6,134	17,329	178	(15,104)	**385,416**
29,084	546	795	-	15,528	155	(1,506)	**79,305**
-	-	-	-	-	-	-	**52,503**
-	-	-	-	-	-	(18)	**56,077**
-	-	-	6,875	-	-	(13,046)	**57,670**
-	-	-	-	-	-	-	**44,973**
-	-	-	-	-	-	-	**28,725**
-	-	-	-	-	-	-	**28,575**
-	-	-	-	-	-	-	**13,432**
-	-	-	-	-	-	(534)	**17,016**
-	-	-	-	-	-	-	**8,658**
29,084	546	795	6,875	15,528	155	(15,104)	**386,934**
(784)	145	106	(741)	1,801	23	-	**(1,518)**
42	-	-	24	-	-	-	**(504)**
(742)	145	106	(717)	1,801	23	-	**(2,022)**

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 2

(dollars in thousands)

For the year ended December 31, 2008

	Community and Protective Services	Public Works	Planning and Development	Corporate Services	**Total City of Regina**
REVENUE					
Taxation	-	-	-	131,450	**131,450**
Fees and charges	15,129	76,509	2,062	3,136	**96,836**
Government transfers	22,102	7,125	1,500	18,197	**48,924**
Electrical distribution	-	-	-	25,429	**25,429**
Licenses, fines and levies	6,385	2,943	-	-	**9,328**
Gas distribution	-	-	-	9,316	**9,316**
Interest and penalties	-	182	-	6,658	**6,840**
Service agreement fees	363	3,536	-	-	**3,899**
Land sales	-	4,824	-	-	**4,824**
Other	409	8,077	-	1,655	**10,141**
	44,388	103,196	3,562	195,841	**346,987**
EXPENDITURES					
Wages and benefits	101,953	24,508	5,311	26,358	**158,130**
Capital expenditures	10,882	43,160	-	19,477	**73,519**
Material, supplies, and other goods	14,740	34,016	30	7,814	**56,600**
Contracted and general services	8,785	8,477	845	8,229	**26,336**
Utilities	485	10,877	-	3,319	**14,681**
Transfer payments	15,787	533	40	1,781	**18,141**
Interest	-	1,232	-	416	**1,648**
	152,632	122,803	6,226	67,394	**349,055**
Excess of (expenditures over revenues) revenues over expenditures	(108,244)	(19,607)	(2,664)	128,447	**(2,068)**
(Decrease) increase in non-financial assets	-	(570)	-	-	**(570)**
Increase (decrease) in net assets	(108,244)	(20,177)	(2,664)	128,447	**(2,638)**

See accompanying notes to consolidated financial statements.

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Regina's Warehouse Business Improvement District	Consolidation adjustments	**Consolidated 2008**
-	594	-	-	14,673	153	(327)	**146,543**
7,636	97	205	6,088	1,508	25	(6,228)	**106,167**
20,554	-	684	-	898	-	(534)	**70,526**
-	-	-	-	-	-	-	**25,429**
-	-	-	-	-	-	-	**9,328**
-	-	-	-	-	-	-	**9,316**
110	-	12	45	250	-	-	**7,257**
-	-	-	-	-	-	-	**3,899**
-	-	-	-	-	-	-	**4,824**
-	-	-	1	-	-	(8,015)	**2,127**
28,300	691	901	6,134	17,329	178	(15,104)	**385,416**
24,761	325	523	1,453	9,549	-	(104)	**194,637**
129	-	3	1,165	646	-	(903)	**74,559**
2,197	67	5	1,082	1,445	-	(8,117)	**53,279**
-	154	204	782	3,701	155	(199)	**31,133**
1,695	-	60	2,393	-	-	(5,246)	**13,583**
-	-	-	-	-	-	(535)	**17,606**
302	-	-	-	187	-	-	**2,137**
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,084	546	795	6,875	15,528	155	(15,104)	**386,934**
(784)	145	106	(741)	1,801	23	-	**(1,518)**
42	-	-	24	-	-	-	**(504)**
(742)	145	106	(717)	1,801	23	-	**(2,022)**

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 2 (cont'd)

(dollars in thousands)

For the year ended December 31, 2007

	Community and Protective Services	Public Works	Planning and Development	Corporate Services	**Total City of Regina**
REVENUE					
Taxation	-	-	-	125,625	**125,625**
Fees and charges	16,148	67,349	2,038	3,063	**88,598**
Government transfers	13,305	5,561	36	15,747	**34,649**
Electrical distribution	-	-	-	25,378	**25,378**
Licenses, fines and levies	5,486	2,760	195	-	**8,441**
Gas distribution	-	-	-	8,449	**8,449**
Interest and penalties	-	249	-	6,214	**6,463**
Service agreement fees	583	5,087	-	-	**5,670**
Land sales	-	2,337	-	-	**2,337**
Other	314	7,856	-	1,548	**9,718**
	35,836	91,199	2,269	186,024	**315,328**
EXPENDITURES					
Wages and benefits	92,630	23,403	3,665	25,459	**145,157**
Capital expenditures	11,497	25,784	-	10,129	**47,410**
Material, supplies, and other goods	14,067	32,452	139	6,406	**53,064**
Contracted and general services	8,499	4,050	570	7,404	**20,523**
Utilities	490	11,037	-	3,161	**14,688**
Transfer payments	3,165	372	245	1,991	**5,773**
Interest	-	1,539	-	467	**2,006**
	130,348	98,637	4,619	55,017	**288,621**
Excess of (expenditures over revenues) revenues over expenditures	(94,512)	(7,438)	(2,350)	131,007	**26,707**
(Decrease) increase in non-financial assets	-	1,886	-	-	**1,886**
Increase (decrease) in net assets	(94,512)	(5,552)	(2,350)	131,007	**28,593**

See accompanying notes to consolidated financial statements.

Regina Pioneer Village	Regina Downtown	RREDA	Buffalo Pound	Regina Public Library	Regina's Warehouse Business Improvement District	Consolidation adjustments	**Consolidated 2007**
-	484	-	-	13,316	148	(310)	**139,263**
6,679	54	327	5,947	1,223	-	(6,185)	**96,643**
19,670	-	611	-	973	-	(534)	**55,369**
-	-	-	-	-	-	-	**25,378**
-	-	-	-	-	-	-	**8,441**
-	-	-	-	-	-	-	**8,449**
131	-	17	94	298	-	-	**7,003**
-	-	-	-	-	-	-	**5,670**
-	-	-	-	-	-	-	**2,337**
-	-	-	1	-	-	(7,719)	**2,000**
26,480	538	955	6,042	15,810	148	(14,748)	**350,553**
23,109	301	482	1,386	8,719	-	(13)	**179,141**
324	-	3	1,434	915	-	(879)	**49,207**
1,605	78	5	1,231	1,416	-	(7,875)	**49,524**
144	132	428	696	3,561	130	(207)	**25,407**
1,837	-	-	1,363	-	-	(5,232)	**12,656**
-	-	-	-	-	-	(542)	**5,231**
315	-	-	-	196	-	-	**2,517**
-	-	-	-	-	-	-	**-**
-	-	-	-	-	-	-	**-**
-	-	-	-	-	-	-	**-**
27,334	511	918	6,110	14,807	130	(14,748)	**323,683**
(854)	27	37	(68)	1,003	18	-	**26,870**
-	-	-	(18)	-	-	-	**1,868**
(854)	27	37	(86)	1,003	18	-	**28,738**

CHANGE IN COMPONENTS OF NET ASSETS

Schedule 3

(in thousands of dollars)

For the year ended December 31, 2008

	Unrestricted	Capital projects	Reserves	Infrastructure to be funded from future service agreement fees	Obligations to be paid from future revenues	TOTAL
OPENING BALANCE	862	53,127	75,139	(2,287)	(102,444)	**24,397**
Increase (decrease) in net assets	55,672	(57,694)				(2,022)
Funding transfers:						
To reserves	(41,003)		41,003			
To capital projects	(13,449)	13,449				
From reserves to capital projects		38,958	(38,958)			
Changes in amounts to be funded in the future:						
Decrease in unfunded employee benefit obligations	1,690				(1,690)	
Increase in unfunded landfill liability	4,401	816			(5,217)	
Infrastructure costs in excess of service agreement fees revenue		18,461		(18,461)		
Repayment of long-term debt	(7,536)				7,536	
Net increase in capitalized lease obligation	(221)				221	
NET CHANGE	(446)	13,990	2,045	(18,461)	850	**(2,022)**
ENDING BALANCE	416	67,117	77,184	(20,748)	(101,594)	**22,375**

See accompanying notes to consolidated financial statements.

General Trust Fund

Deloitte

Deloitte & Touche LLP
900 - 2103 11th Ave
Bank of Montreal Building
Regina SK S4P 3Z8
Canada

Tel: 306-565-5200
Fax: 306-757-4753
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Auditors' Report

To: His Worship the Mayor and Members of City Council

We have audited the statement of financial position of the General Trust Fund as at December 31, 2008 and the statement of revenue, expenditures and change in fund balance for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Trust Fund as at December 31, 2008, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
May 22, 2009

General Trust Fund

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31, 2008

	Perpetual Care Trust	Williamson Driver Award	Total 2008	Total 2007
ASSETS				
Cash	20	-	**20**	7
Long-term investments (note 4)	2,679	5	**2,684**	2,690
	2,699	5	**2,704**	2,697
LIABILITIES AND FUND BALANCE				
Due to the City of Regina	129	-	**129**	130
Fund balance	2,570	5	**2,575**	2,567
	2,699	5	**2,704**	2,697

See accompanying notes.

General Trust Fund

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE

(in thousands of dollars)

For the year ended December 31, 2008

	Perpetual Care Trust	Williamson Driver Award	Total 2008	Total 2007
Revenue				
Contributions	8	-	**8**	4
Investment income	129	-	**129**	130
	137	-	**137**	134
Expenditures				
Cemetery maintenance	129	-	**129**	130
	129	-	**129**	130
Excess of revenue over expenditures	8	-	**8**	4
Fund balance, beginning of year	2,562	5	**2,567**	2,563
Fund balance, end of year	2,570	5	**2,575**	2,567

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars)

December 31, 2008

1. PURPOSE OF FUND

The General Trust Fund comprises the assets, liabilities, revenues and expenses of the following two trusts administered by the City of Regina:

(a) Perpetual Care Trust - In accordance with *The Cemeteries Act, 1999*, a portion of the monies received by the City of Regina from the sale of cemetery plot rights is put into a trust and invested. The income of the trust is used to pay for care and maintenance of the plots and special approval is needed from the Registrar of Cemeteries before trust capital can be used to fund care and maintenance.

(b) Williamson Driver Award - When a bond was bequeathed to the City of Regina with trust conditions attached a trust was established under *The Trust Act*. Each year the income from the bond is used to provide a safe-driving award to a Regina Transit employee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The following policies are considered to be significant.

(a) The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(b) Investments are recorded at cost less writedowns to reflect other than temporary declines in values. Any gains or losses are recognized on disposition of the investments.

(c) Investment revenue is recorded on the accrual basis.

3. FINANCIAL INSTRUMENTS

The carrying value of the amount due to the City of Regina approximates fair value due to its short-term nature.

Long-term investments are primarily exposed to foreign currency, interest rate, and market risk.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the General Trust Fund's assets and liabilities.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments held in the pooled bond fund.

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

December 31, 2008

4. LONG-TERM INVESTMENTS

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

	2008	2007
Investment cost	**2,684**	2,690
Market value	**2,679**	2,655

5. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared for the year ended December 31, 2008, as it would not provide additional information.

Related Boards and Authorities

Regina Pioneer Village
430 Pioneer Drive
Regina, Saskatchewan S4T 6T8
Fax: (306) 757-5001
Phone: (306) 751-5225
Contact: Ms. Debbie Sinnett

Regina Regional Economic Development Authority (RREDA)
255, 1919 Rose Street
Regina, Saskatchewan S4P 3P1
Fax: (306) 352-1630
Phone: (306) 522-0227
Contact: Mr. Larry Hiles

Buffalo Pound Water Administration Board
c/o City of Regina
Queen Elizabeth II Court
P.O. Box 1790
Regina, Saskatchewan S4P 3C8
Fax: (306) 691-0292
Phone: (306) 694-4473
Contact: Mr. Ryan Johnson

Regina Downtown
140 – 2401 Saskatchewan Drive
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Contact: Mr. Michael Huber

Regina Public Library
2311 – 12th Avenue
P.O. Box 2311
Regina, Saskatchewan S4P 3Z5
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Regina's Warehouse Business Improvement District
202 – 1275 Broad Street
Regina, Saskatchewan S4R 1Y2
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